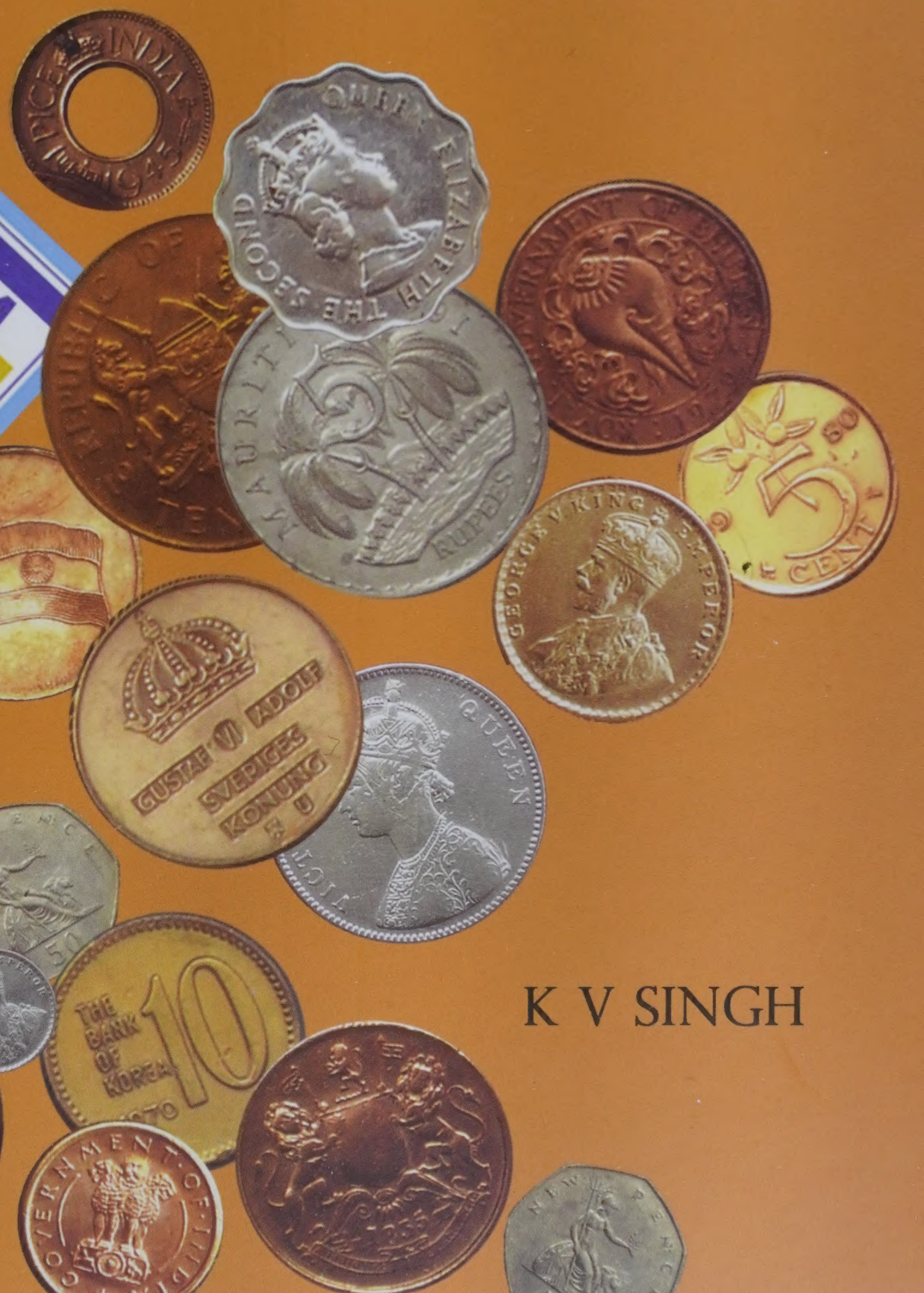
FROM COINS TO CREDIT CARDS



K V SINGH

Nehru Bal Pustakalaya

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nbt.india
एकः सूते सकलम्
National Book Trust, India

ISBN 978-81-237-5948-7

First Edition 2011
Reprints 2012, 2013 (twice), 2018, 2019 (*Saka* 1941)
© K V Singh

₹ 135.00

Published by the Director, National Book Trust, India
Nehru Bhawan, 5 Institutional Area, Phase-II
Vasant Kunj, New Delhi - 110 070
Website: www.nbtindia.gov.in

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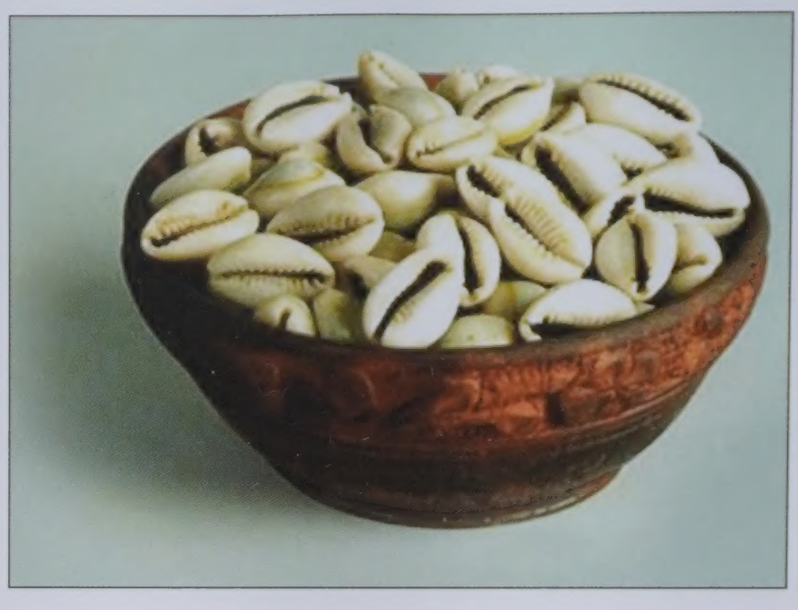
1

The Journey of Money: An Introduction

In today's world can you imagine life without money? In the absence of currency notes, coins and credit cards there is no transaction, no buying or selling. But, it is also true that long-long ago, in the beginning of human society there was no money. You may ask how life was in the absence of money. At that time people used to follow the barter system to buy and sell things.

Barter is a system of exchange of a service or goods such as a bag of rice for a bag of beans. The system was laden with limitations and full of difficulties. When you did not want a thing the other person had to offer you in exchange, it became a problem. To overcome them, human beings developed what is now called *commodity money*.

Red Indians bartering goods with the Dutch



Cowries

An old time small British mint

Commodity money was commonly used by most of the people in those times. For example, cowries, salt, tea, tobacco, cattle and seeds could be used as money. However, using commodities as money had other problems too. Carrying big bags of salt or other bulky commodities was cumbersome. Moreover, it was difficult to store such items when they happened to be perishable.

Later, to circumvent these shortcomings some metal objects were introduced in 7th or 8th century BC as money. Metal was used for coins because it was readily available, easy to work with, and could be recycled being durable. As time rolled, people started minting their own coins as money with specific values.

Since, coins were given a certain value; it became easier to compare the cost of items people were purchasing. Coins and currency notes, therefore, ruled the history of man as money till recently when credit cards entered the market. This e-money or electronic money is the latest fad of the age. However, currency notes still continue to serve as money. The following pages will unfold the story of money in greater details.

2

Romance of Coins

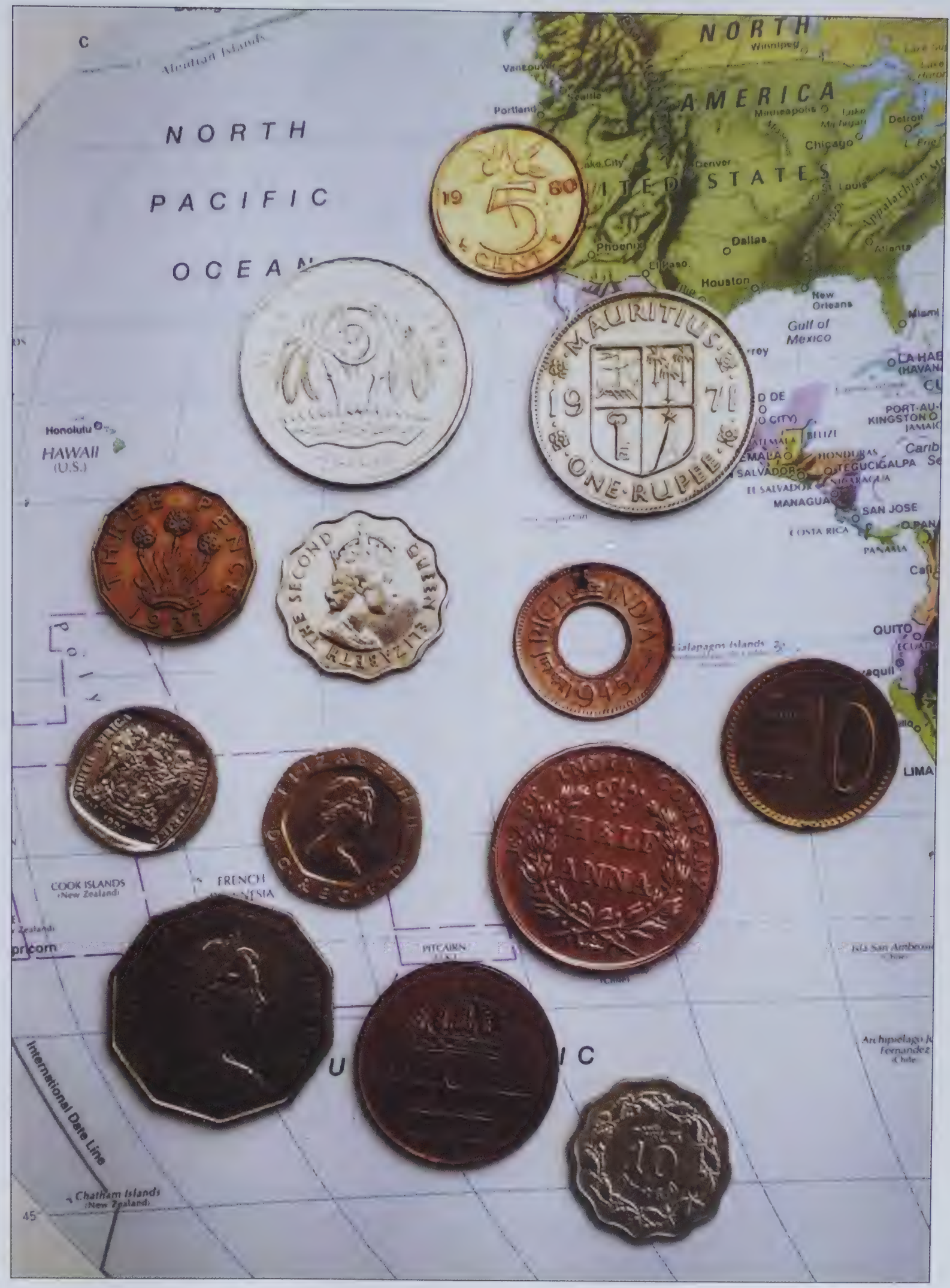
The world of coins is wonderful. They are an integral part of our daily life. These metal bits which are known as coins are used for paying bus fare, making a phone call from a public telephone booth, buying a match box, giving a petty donation and so on. In short, they are useful in our day-to-day transactions.

In metropolitan cities, milk token coins are required to get milk from the milk vending machines installed at milk booths. Similarly, you have to buy token coins for your journey in metro trains. Interestingly, one of the brands of apple juice is 'Gold Coin'.

Coins being given as donation to beggars

Do you know that at some holy places there are wish-fulfilling water bodies or ponds, where you have to throw coins to realise your wish. People repose immense faith in such a wish-realising power of coins the world over. Likewise, when you go for a pilgrimage or visit a temple or *Dargah*, you require coins to donate to hundreds of lined-up beggars sitting outside the shrines.

Apart from being significant in our life and having utility, these metal pieces have a long history with many interesting tales. No wonder numismatists as well as children collect coins in most parts of the world.



A collage of world coins

If you wish to know the romance of coins you must try to discover the priceless treasure that lies beneath these rusty surfaces. These metal bits that each one of you handles every day have much romance. You only need to realise it. Take any coin and ask these simple questions: Who issued it, where was it minted, why was it struck, and how was it made? The answers to these questions will take you to a different world which gave birth to a very interesting study.

Who knows the coin you have in your hand might have once been kept by a miser for long, before he let it slip out of his possession or might have been unwisely spent by a spendthrift, or it may have been given as alms to a beggar or offered in a temple. Such can be the romance of coins.

3

Historical Significance of Coins

Besides romance, these metal pieces are of great importance to historians. At times, they enable us to unearth the missing links of history. Being made of metal, coins normally have a long life. Some of the coins struck thousands of years ago, still survive. On account of their longevity, they furnish tangible proof of a reality to the ignorant present of some unknown past events. Thus, they serve as holy relics to the lost historical tales. In Indian history, we now know that there were as many as thirty Bactrian kings and queens, who ruled over the erstwhile Punjab for nearly 100 years between 200 B.C. and 100 B.C., and the credit of this historical discovery wholly goes to coins. Coins thus serve as links between the present and the past.

Obverse and reverse of an Indo-Greek silver coin, 1st century B.C.

It is a fact that such a significant historical fact was unknown to historians till the coins that belonged to these Bactrian kings and queens were unearthed. The discovery has enabled historians to reconstruct the outline of our history that was oblivious to us.

Apart from serving as substantial evidence of past events, coins have other significance too. From the legends (writings) on old coins, we come to know the language that was once spoken during a particular era. From

Hadrian

Ides of March

Claudius

Julius Caes

Some old Roman coins

old coins we learn the names of kings and queens and the places associated with them. Further, the motif (design) thereon enables us to identify the likeness of those kings, queens and the monarchs who issued them. Coins, thus, bring before our eyes the figures of those who at one time ruled over a piece of land. These coins are also an authentic source to ascertain the dresses of that time. In addition, from these metal pieces we also comprehend such objects that were considered important and sacred during a particular period of history because those objects were embossed on contemporary coins on account of their importance.

The ancient Egyptians had no coins

Numismatists, who study coins tell us many strange historical facts. For example, the ancient Egyptians who had built a vast empire thousands of years ago before Christ had evolved a highly civilised society and left lofty pyramids for the world to wonder, had no coins as money. Similarly, the Harappans of the Indus Valley, who, too, had an advance urban civilisation perhaps had no coins to their credit. These facts, though sound incredible, are true.

Surprisingly, in Italy, the earliest form of money was a large cast rectangular piece of bronze. At first, these were plain sheets, but later around 290 B.C. various images began to appear on them, such as a bull, an elephant, a trident

and so on. This indicates that cattle at one time of the world history were used as money.

The Latin word for cattle is *Pecus*, while the word for money is *Pucunia*. Both these words suggest a close relationship with each other. In India too, during the Vedic period, cow was used as a medium of exchange, confirming the fact that in the history of mankind the cattle was once used as money.

Curiously, the earliest available Indian coins which date back to around 7-6 B.C. had punch marked on only one side. The motifs on these coins bear figures of birds, animals, trees, hills, etc., but no human or god figures, at least not on the earlier ones. Similarly, the Greek and Roman coins did not have any human figure. It is believed that Ptolemy was one of the able Generals of Alexander the great. After latter's death, he ruled over Egypt and was the first person in the world to have his bust portrayed on a coin. Before Ptolemy portrayed his bust on his coins, only effigies of the Greek and Roman gods and goddesses had appeared on coins, but bore no human figure.

Some of you may be surprised to know that in India, human or god figures were seen on coins as an impact of Greeks and Bactrians. But which human or god figure was the first to appear on an Indian coin cannot be said with certainty. However, the representation of Lord Buddha in human form is first noticed on the coins of Kanishka, a Kushan king. Earlier, Buddha was symbolically represented on coins in the form of an elephant or a lotus.

A Mughal gold 'mohar' with a verse of *Koran*.

From the study of coins we came to know that the great Mughal Emperor Akbar was a secular King and had drifted towards the *Bhakti* cult of *Vaishnavism* in the later years of his life. This historic fact is evident from one of his coins on which he had portrayed the effigies of Rama and Sita. On the other hand, the coins of Aurangzeb reflect fanaticism. Aurangzeb believed that the holy words of *Koran* would be defiled by the touch of non-muslims. He,

therefore, forbade the inscription of *Kalima*, the verses of *Koran*, on his coins.

European settlers bartering with goods like Gin, Rum, Brandy, etc.

The United Kingdom, which is today one of the most advanced nations in the world, had the Penny as its sole coin for some five hundred years. Furthermore, Gin, Rum and Brandy were used in Australia as mediums of exchange when the first settlers arrived at the island continent in 1606. Similarly, until the discovery of America in 1492, the Red Indians also had no coins; instead they used *Wampus*, a belt like article made of beads cut from shells and stones, as their medium of exchange.

Those who have read the *Treasure Island* must be familiar with the 'Eight Reales', then popularly known amongst the pirates of the 16th and 17th centuries as 'Pieces of Eight'. A 'Piece of Eight' was the Spanish dollar (Peso) struck in the colonial America and was worth eight Spanish reales (royals). Between the 1700s and early 1800s during the colonisation of America, the Spaniards struck millions of these coins and shipped them to Spain. Pirates raided the treasure ships on their way and took the booty to England for disposal. It is on record that the bullion captured by the English from Spanish galleons provided the gold and silver for British coins for many years.

Spanish Dollar: 'Pieces of Eight'

Young Head
(1837-1887)

Jubilee Head
(1887-1893)

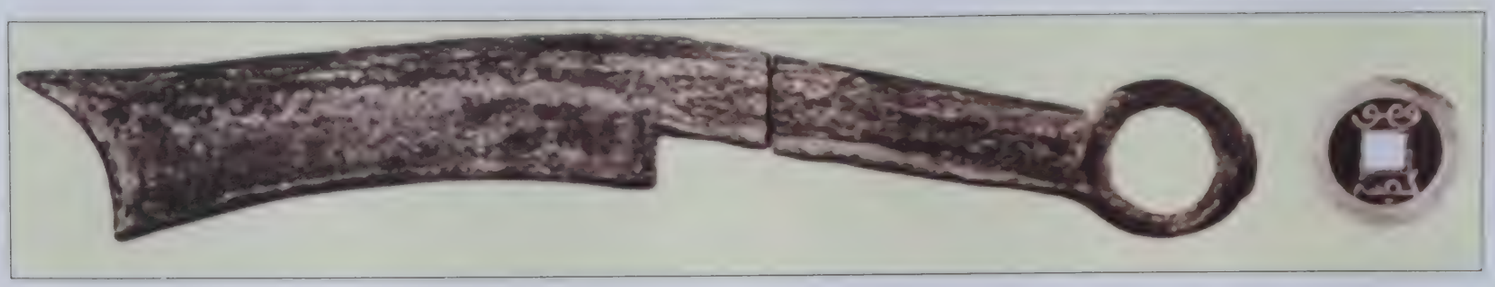
Old Head
(1893-1901)

It is interesting to note that coin collectors have given fanciful names to certain coins of significance. Take for instance; the coins of Queen Victoria that were minted between 1837 and 1901, which was the longest reign in the British history. Numismatists put the Victorian coins in three main groups by the type of her portraits i.e. 1837-1887, 1887-1893 and 1893-1901; showing the physical transformation of the Queen from a young girl to an elderly lady. The coin-collectors call the coins of 1837-1887 as Young Head; the coins of 1887-1893 as Jubilee Head; and the ones of 1893-1901 are known as Old Head coins. Among the Young Head coins there was a penny on which the Queen was shown with her hair fastened up on the back of her head in a bun. It is for this reason that the coin collectors refer to this penny as Bun-penny.

About how the word Dollar came into being, the numismatists tell us that the word Dollar came from the German *Thaler* which, in turn, took its name from Joachimsthal, a mining region in Bohemia, where in A.D. 1525 silver coins were struck. After several mispronunciations came the words Thale, Dhaler and finally the Dollar.

Reverse of a ½ US Dollar coin

Numismatists believe that the word Cash seems to have originated in China. The round Cash (a coin) used in China today, owes its origin to the knife-shaped money that was once used in



Knife-shaped money

China for trading. Originally, the knifed money had a holed circular end. In course of time, the knife portion was abandoned and the circular end remained in the form of present Cash with a square hole in the centre. Besides China, some of the Japanese coins also have a hole. In India, in 1943, due to scarcity of copper, a holed small copper Pice was issued which was popularly known as *Chayek Wala Paisa*. But not many countries have holed coins.

Hard Time Money and Trade Tokens

The obvious difference between trade tokens and coins is that trade tokens are not exactly money, but pieces of metal used for specific purpose whereas the coins are money. When you go to bank to withdraw money through a cheque, the bank issues you a token to release your money. Similarly, milk tokens are required to get milk from milk vending machines at milk booths. Many bus and sub-way lines in certain countries use tokens for fares. In US, *Hard Time Tokens* were issued from 1832 to 1844, in place of official coins. During the Gold Rush days, private US companies made trade token coins to meet coin shortage.

A canteen-coin

When a country faces shortage of coins like Pennies, Pices, Halfpennies and Farthings, traders and people who own shops or departmental stores or inns resort to make small value coins for themselves. Interestingly, in India some of the closed old textile mills at Ahmedabad issued canteen-coins to their workers to buy *chai* (tea) and snacks. These canteen-coins are now procured by collectors from metal scrap dealers at great premium. It is for this reason that they are known as *Hard Time Money.*

4

Birth of Coins in India

As there were no coins in the beginning, people therefore did not buy things with money, they simply exchanged their commodities through Barter system. This system of exchange of goods is prevalent even today. School children can be seen exchanging marbles for stamps or stamps for stamps; ladies, too, exchange old clothes for household utensils and crockery items from street vendors. These days multinational companies can be seen offering, around festival time, their products such as T.V. sets, music systems, refrigerators, etc. in exchange of old models. The barter system, therefore, still continues in the modern society, though in a modified way.

An Indian barter-bazar of yester years

In the primitive society, there once existed a very strange and interesting form of trading, it was called Silent Barter, during which the two parties never met. A clearing or space between the two communities or tribes was used as a sort of market place. Members of one group would place whatever they had to exchange, on the ground, in the clearing area then go away and hide. People from the other group would then appear, inspect the goods and place beside them the things they had to exchange. The first party would then come back and consider the deal. If they were satisfied, they took away the other side's goods and left theirs. If not, they would take away some of their first offer, leaving less in exchange. In this way, the silent bartering would go on.

But later, when needs expanded people thought of some easier ways of sale-purchase. Instead of exchanging goods they offered pieces of stones, shells, grains, bones, metal bits and the like. By and by these items established themselves as units of value. That was the first step towards the evolution of the coinage system in India.

Another surprising fact in the Indian history is that the people of the Indus Valley Civilisation had no coins as money. They, therefore, used agricultural produce or stone beads as their medium of exchange. Curiously, even the pastoral Vedic people used the cow as the medium of exchange. There are references in the later Vedic literature to show that the *dakshina* (fee) to the *vitvaka* (priest) was paid in the form of cows. The cow-money was known as *Go-puchaa* or cow's tail, as the cattle was handed over to the recipient by the tail.

An artist's impression of the Indus Valley people

Beads of Krishnala (*Ratti*)

Despite the wide use of cow during the early Vedic era, it was not possible to do all kinds of transactions with cows alone. Hence, an alternate medium came into force in an ornament called *nishka*, probably a kind of necklace. Incidentally, the Egyptians, too, used certain rings as a form of money in the early days.

In the *Rigveda*, the *Atharvaveda*, the *Chhandogya Upanishad* and in the *Gopath-Brahmana*, we find mention of such *nishkas*. These references show that in those days along with cows the *nishkas* also existed as money in India. In the later Vedic period, *nishkas* were offered by the kings, as gifts to people and priests.

In olden days, gold, which was in abundance in the country, was used for transactions in the form of *hiranyapinda* (gold-granules). It was realised that offering of metal pieces (gold) was more convenient than offering cows and *nishkas*. Thus, metal pieces gradually gained popularity as the unit of value. Nevertheless, other forms of money continued to co-exist. But, metal as the unit of value had its problems. Therefore, it necessitated a scale and a standard of weight for weighing the metal. People then thought of some commodities that were uniform in their weight.

It is true that in their search for one uniform unit of weight, agricultural produce such as *tandula* (rice), *yava* (barley), *masha* (pulse) and *krishnala* (a seed, also known as *raktika* or *ratti*, or *gunju*) were found to be fairly uniform in weight, therefore, these were used as standard weights for measuring metal pieces. In a passage in the *Taitariya Brahmana*, it is stated that a *krishnala* (Ratti) was given to each of the participants in the chariot race at the time of the *rajasuya* sacrifice as a reward for their participation in the *yajna*.

Today, we have electronic scales, but earlier we had the manual scales. The use of the manual scale in every transaction was indeed a tedious job because of irregular weights. Therefore, it was not an ideal solution to the problem. To eliminate the difficulty of weighing during every transaction, the use of ingots of the desired weight and value was contemplated. In *Samhitas* and the *Brahmanas* (old Vedic literature) there is a reference of a

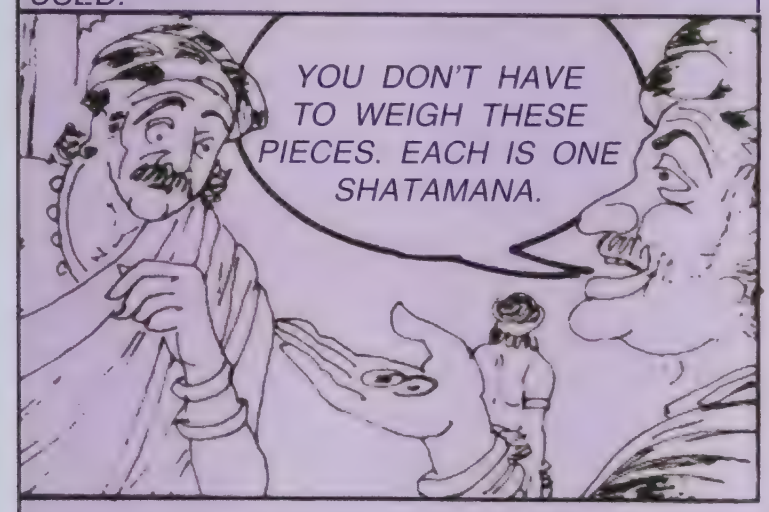
Pictorial History of the Birth of Coins in India

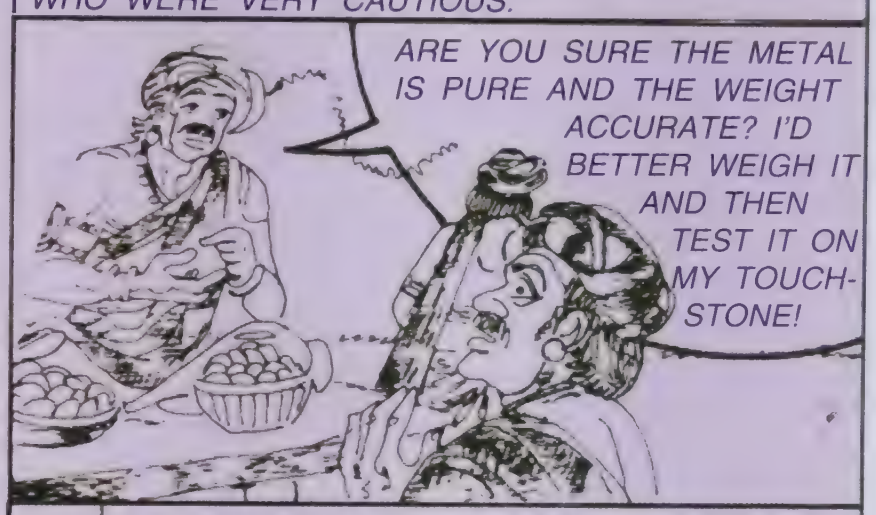
IN THE ANCIENT CITY OF MOHENJODARO (3000 B.C.) GRAINS WERE USED AS MONEY. THE HUGE GRANARIES SERVED AS THE STATE BANK!
HOW MUCH GRAIN DO YOU TAKE FOR A COW?
IN VEDIC INDIA (1500 B.C.) CATTLE WERE USED AS MONEY.
WHAT! TEN GOPUCHCHHA FOR AN IMAGE OF INDRA?
YES TEN. NOT ONE MORE NOR ONE LESS.
THE MONEY WAS CALLED GOPUCHCHHA (COW'S TAIL). AS THE CATTLE WERE HANDED OVER BY THE TAIL.
I'LL BUY THE IMAGE (INDRA).

KRISHNALA IS A SEED, KNOWN TODAY AS RATTI (CAROB SEED). OTHER SEED AND GRAINS LIKE YAVA (BARLEY), TANDULA (RICE) AND MASHA (PULSE) TOO WERE USED AS WEIGHTS. LATER, METAL PIECES WERE USED. BUT THEY VARIED FROM TRADER TO TRADER.

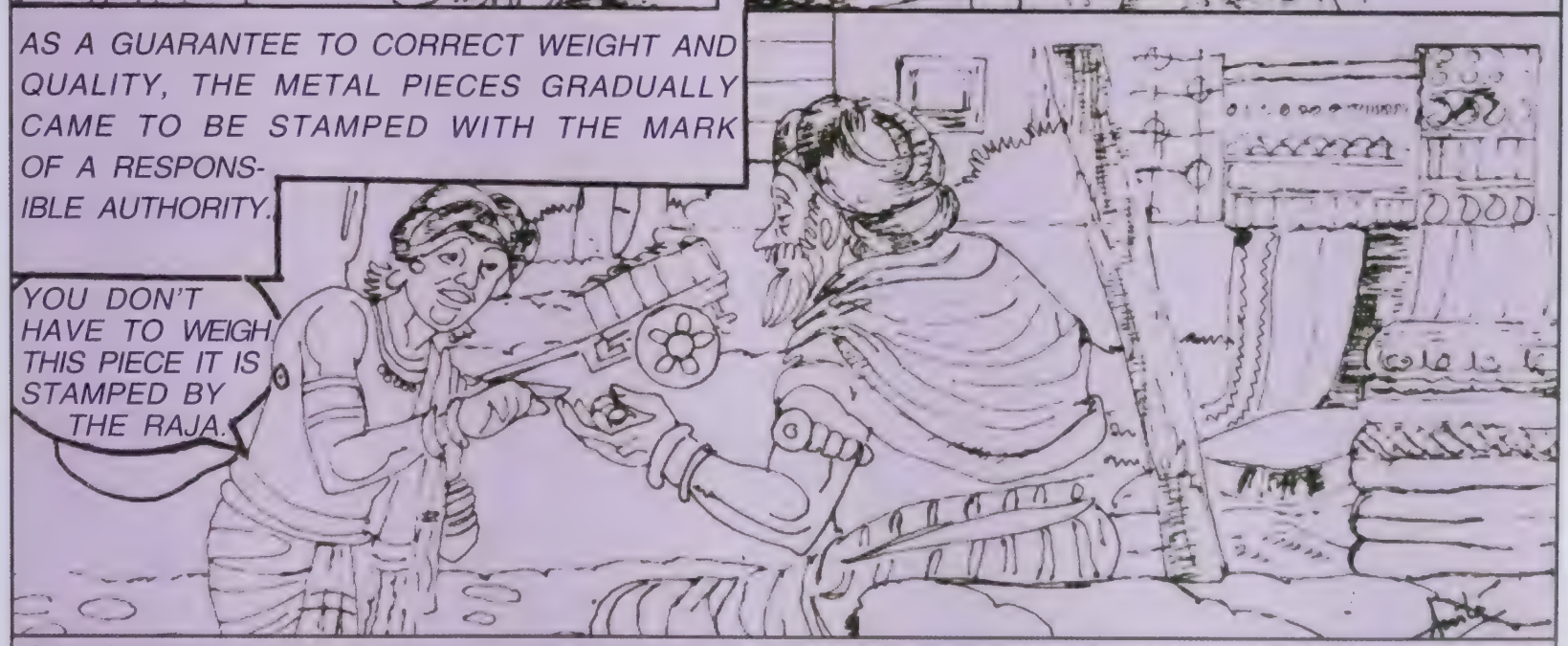
PEOPLE FOUND IT TIRESOME TO WEIGH METAL PIECES WHEN THERE WAS A TRANSACTION. THEREFORE STANDARD MEASURES OF METAL MONEY CAME TO BE USED.

A SHATAMANA CONSISTING OF A HUNDRED UNITS WAS A FORERUNNER OF TODAY'S METRIC SYSTEM. BUT EVEN THE SHATAMANA POSED PROBLEMS. THERE WERE PEOPLE WHO WERE VERY CAUTIOUS.





AS A GUARANTEE TO CORRECT WEIGHT AND QUALITY, THE METAL PIECES GRADUALLY CAME TO BE STAMPED WITH THE MARK OF A RESPONS-IBLE AUTHORITY.

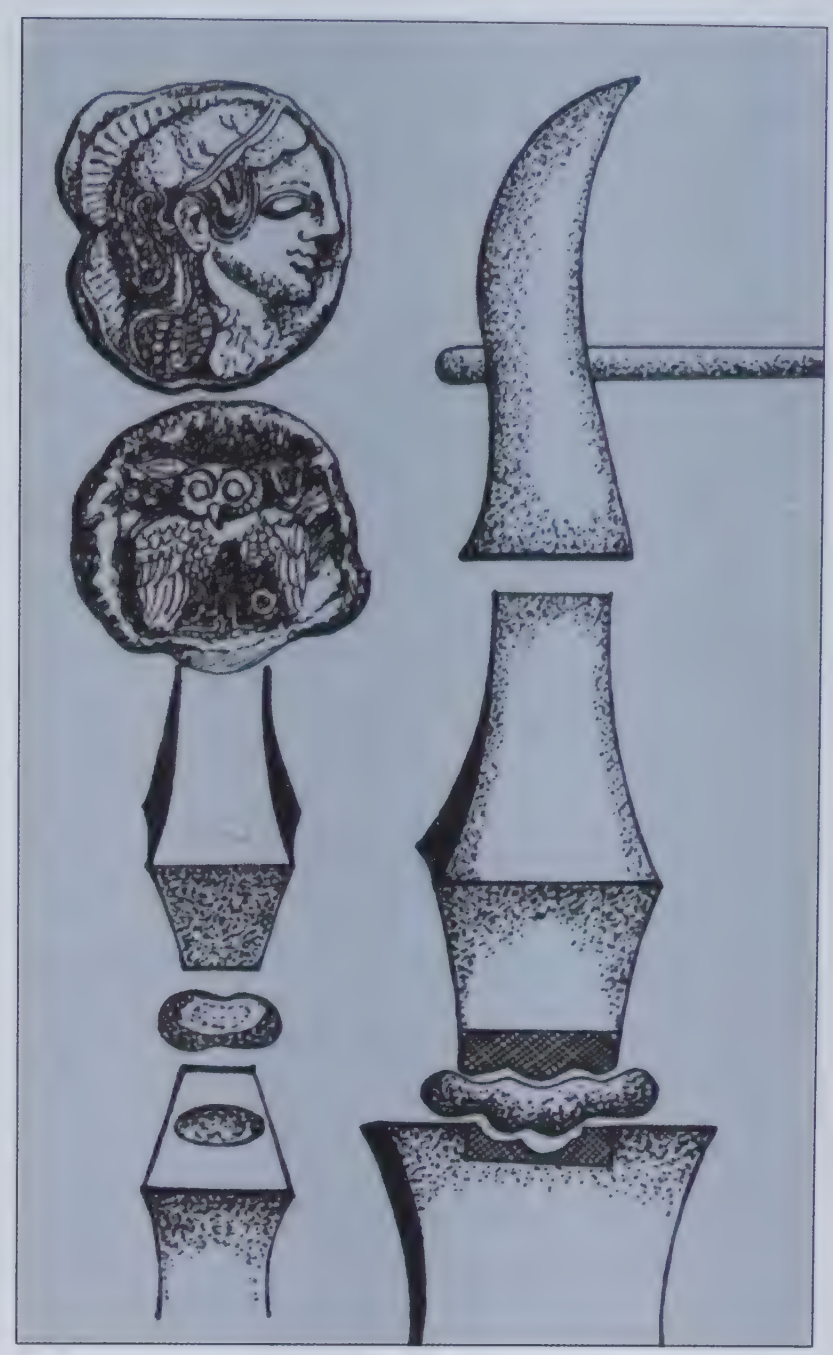


COINS WERE BORN IN INDIA LONG BEFORE THEY MADE THEIR APPEARANCE IN CHINA OR LYDIA. IN PANINI'S ASTHADHYAYI THERE ARE REFERENCES TO COINS SUCH AS NISHKA, SHATAMANA & PADA. WHEN ALEXANDER INVADED INDIA, COINED MONEY EXISTED IN INDIA.

BUT SUCH CURRENCY OFTEN POSED PROBLEMS.
THIS COPPER VESSEL COSTS ONLY A QUARTER COW.
A QUARTER COW? DO YOU MEAN I'LL HAVE TO KILL MY COW?
BETTER STILL YOU COULD BUY FOUR VESSELS!
LOOK, I WANT ONLY ONE VESSEL, NOT FOUR. NOR CAN I KILL MY COW TO GIVE YOU A QUARTER.
I'LL GIVE YOU A PIECE FROM THIS 'NISHKA' IN STEAD.
THE NISHKA WAS AN ORNAMENT MADE OF METAL PIECES.
LATER THESE PIECES CAME TO BE USED AS MONEY.
HOW MUCH DOES THIS PIECE WEIGH?
I DON'T KNOW. PLEASE FIND OUT!

round metal piece called *Satamana*, meaning a hundred units. Another metallic piece called *Pada* (meaning one-fourth) is also mentioned in the *Brihadaranyaka Upanishad*.

In spite of the definiteness of the weight of the ingots and sheets, there was no guarantee about the exactness of the weight and the quality of the metal pieces. Therefore, the need of perfect and accurate scales and touchstones was still felt. To obviate such difficulties in India and a few other countries, stamping of the metallic pieces with the mark or device of a responsible authority was thought of as a guarantee of the accuracy of their weight and the rightness.

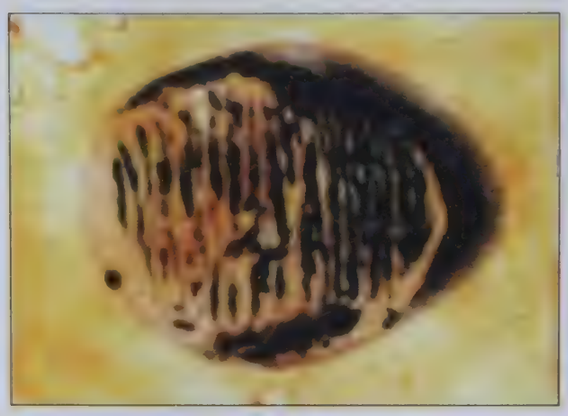


The process of stamping a coin

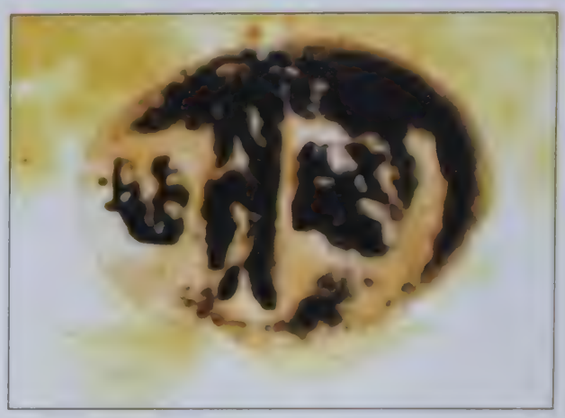
When and who started the stamping of metal pieces in India is not known. However, in the West, it is said that it was Lorian, an old Greek city-state trader, who first thought of stamping bean like gold lumps that were used in those days as a medium of exchange. Since the State was deemed above all challenges or suspicion, it ultimately assumed the responsibility of stamping metal pieces. In course of time, it became the state's prerogative to stamp metal pieces. And, this is how the coins were born for us.

Some of you may be curious to know as to how the word 'coin' came into force. The word 'coin' was derived from the Latin word '*Cuncus*' which means to stamp. Thus, the metal pieces that were stamped to be used as money came to be known as *coins*. The first step for making an old coin was to prepare two punches (also known as die), one for each side of the metal piece. The metal piece was then placed between the two punches, the upper punch was struck with a hammer and the metal piece then got

simultaneously marked on both sides with the designs that had been engraved on the punches. Since, the designs got impressed on the metal piece by stamping it, the engraved metal bits were called coins by Greeks and later by others.



←The two sides of a Lydian coin →



The British Museum has one of the earliest coins on display. It was made in Lydiain about 700 B.C. from 'electrum', which is a natural amalgam of gold and silver. The obverse of the coin has a series of scratch marks; the reverse bears three punch marks.

5

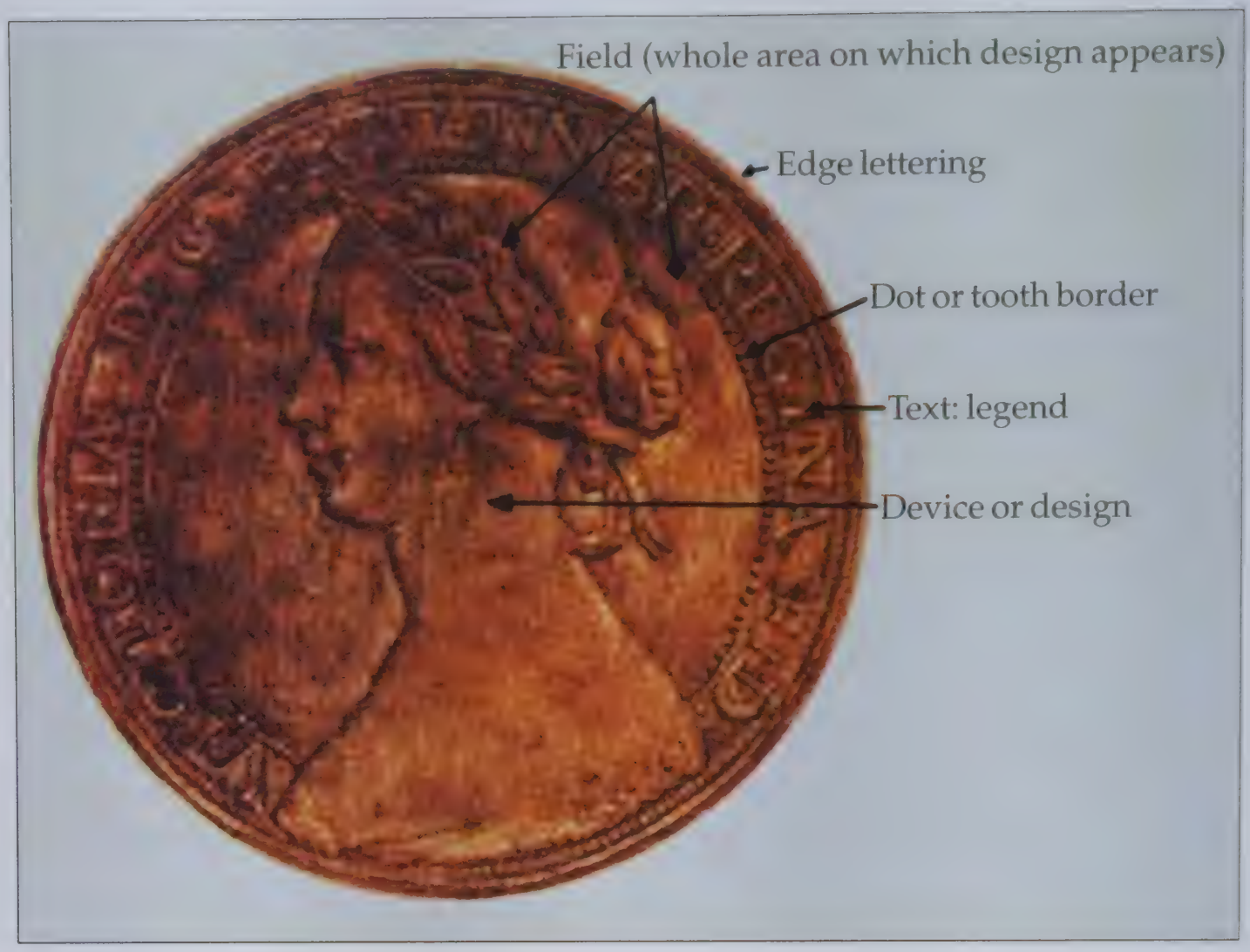
The Language of Numismatics

When you refer to the dictionary to learn the meaning of the word numismatics, you find that it is the study of coins, their history, place of origin, name and titles of their issuers and so on. Therefore, numismatists are students of numismatics. While studying coins, a natural question that wells up in one's mind is what is a coin? In simple words, a coin can be defined as a piece of metal bearing the stamp of authority guaranteeing its face value. Like any other object, a coin, too, has various parts and portions, and each has a name. In the two illustrations given below, these have been explained.

All of you know that a coin has two sides—the head and the tail. In the language of numismatists, the 'head' side of a coin is called the '*obverse*' and it normally bears the bust of kings, queens, national leaders or the

Obverse or head of a coin

Reverse or tail of a coin



Various parts of a coin

more important feature of the design of the coin. The 'tail' side of the coin is called the *reverse* and it usually carries the figures or inscriptions of secondary significance. Often it is this side that shows the face value of the coin and also bears the 'date-line', which is the year of its issue.

The pictorial depiction on a coin is known as the *device* or *design*. For instance, if you look at the Indian one-rupee coin, the *Ashoka Capital* is the device on the coin.

The lettering which appears on both the sides in a circular pattern surrounding the device or design — such as the words 'BHARAT' in Hindi and 'INDIA' in English on the current Indian coins, is known as the *legend* or *inscription*.

On modern coins, a raised (in relief) rim round the edge is formed with a view to saving it from damage and an early wear and tear. Within this, there is a circle of 'dots' or teeth-like marks referred to as the *toothed* or *dotted* border. Only our present five-rupee coin has all these features, the other coins are plain and without these characteristics.

The blank spaces on a coin surrounding the design are called the *field*. And, the disc of metal which virtually is the coin itself, but without any sort of marking thereon is called the *flan*, or *blank*, or *planchet*. In fact, it is the blank on which the coin's design is struck, therefore, blanks are made first to mint coins.

Interestingly, vertical marks all along the circular edge of the coin are known as 'graining', popularly called *milling*. It can be seen on any old Indian twenty-five *paise* coin. Take out a coin and look at it. When the graining is dotted and horizontally lined in between, then it is called 'knurling', commonly known as 'security edging'. This is resorted to discourage counterfeiting of coins by some unscrupulous people of our society. Milling can be noticed on the old one-rupee coin. Our present stainless steel one-rupee coins, however, have plain circular edge with neither 'milling' nor any dotted border.

If you want to know the place where a particular coin was minted you should look for the *Mint Mark* on it. Mint Mark is a letter or symbol placed on a coin, below the date-line. It is marked on a coin to identify its place of issue and is normally seen on the reverse of the coin.

6

Impact of World Wars on Coins

The two World Wars played a vital role in the history of coins. The ancient and medieval coins of the world were mostly in pure metals like gold, silver and copper. The First World War was a turning point in the history

A collection of world coins

Pearl Harbour during World War II

of world coins. In Europe, new states, such as Yugoslavia and Czechoslovakia, were created, absorbing previously independent countries such as Serbia and Montenegro. Economic conditions led to coins being struck in iron, brass, zinc and aluminium. Interestingly, occupied countries like Belgium had new types of coins issued by the invading forces, but, these soon disappeared when the countries were liberated.

In Europe, the impact of the war on coins was enormous, as the war was followed by the worst inflation ever known. As a result, almost all gold and silver coins were withdrawn from circulation and high denomination coins were struck in base metals. The worst conditions were in Germany where a 500 mark coin was struck in aluminium in 1923. And after the War, a coin of this denomination was not sufficient to buy even a box of matches.

The Second World War had similar effects on the coinage of Europe. Once again, new states were created such as the Federal German Republic and the German Democratic Republic besides a few others. Hungary and Romania came under the influence of the Soviet Union. In India, cardboard coins were issued by the erstwhile State of Jaisalmer during the metal shortage of World War II. Some coin collectors still own some of these cardboard coins.

The modern coins of most of the countries of the world today, are by and large in cupronickel, aluminium, magnesium, bronze and bullion. You may be surprised to know that till recently, the Indian coins were chiefly in cupronickel. But now we use stainless steel. However, some countries still have pure-nickel and copper coins. Evidently, the present alloy trend in the Indian coins is due to the rising prices and scarcity of precious metals which have multiple usages in many modern industries and is the major reason for our present coins to be in stainless steel.

7

Glimpses of the World's Old Coins and Money

No one knows as to how and where the first coin in the world was minted. However, it is certain that coins were used in India around 6th century B.C. The first coins were made outside India about 700 years before Christ, by the people of Lydia, an ancient kingdom of Asia Minor and now a part of Western Turkey. They were oval pieces cut from bars of electrum (an alloy of silver and gold). Each bore a symbol and usually a mark showing its weight. Where and when coins appeared in other parts of the world makes an interesting study and is briefly presented here.

The Greek God—Atlas

Greek Coins: At the same time when Lydia made coins in the 7th century B.C., the Greeks also began to make coins. Each city-state minted its own coins, and they competed with each other to see who could create the most beautiful ones. Many Greek coins just like the Indian punch-marked coins, had designs on only one side. Some had pictured profile of gods or goddesses. Others had chariots, ships or animals. No two coins were ever exactly alike since they were made by

Old Greek coins

Bust of a Roman soldier

hand with a hammer and a punch on the anvil. In old days, Greece was a powerful nation; therefore, Greek coins were accepted in trade throughout the ancient world.

Roman Coins: Roman coins came a few centuries later than the Greek coins and date back to about 300 B.C., when a bronze coin called *as* was made. On one side of this coin was the two-faced Roman god Janus (the god of Beginning and Ending). On the other side of it was the Roman numeral-I and the prow of a ship.

Denarius, the first Roman silver coin was made around 200 B.C. The denarius was the *penny* mentioned in the New Testament. Roman coins, like those of the Greeks, displayed gods, goddesses, emperors, empresses and important national events. For this reason they tell us much about Roman history. Most of the coins had the word 'Roma' or 'Romano', and bore a close resemblance to Greek types with the head of a god on the obverse and a horse on the reverse.

Coins mentioned in the Bible: The most famous coins of the Biblical days belong to Romans. The Book of Mark tells how "...there came a certain poor widow and she threw in two mites...." The mite was a small bronze or copper coin and to this day, the giving of a 'Widow's Mite' means a small donation given at great sacrifice.

A square *Tanka*, Delhi Sultanate, 14 century A.D.

The silver denasium bearing the likeness of Emperor Tiberius of Rome is often called the 'tribute penny' in the story of the Jesus. "Is it right that we should pay tribute to Caesar, or not?" This was the question that some Pharisees put to Jesus in the year A.D. 30. At the time, Judea was a province of the Roman Empire and the Jews had to pay tribute in the form of taxes, to Rome. Jesus knew that the Pharisees were trying to trap him, so he commanded them to give him a penny to examine. One of them handed him a 'tribute penny'. When Jesus asked them whose image and name appeared on the coin they replied that they were Caesar's. Jesus then told them to "render to Caesar and God the things belong to them."

Tribute Penny

The story of the betrayal of Jesus is mentioned in the book of Mathew. The thirty pieces of silver paid to Judas by the king may have been the silver tetradrachms from the Roman City State of Tyre. This shows that some form of silver coins existed in the times of Jesus.

Chinese Coins: In Asia, Chinese coins are among the most ancient. Some historians believe that the Chinese used coins even before the Lydians. Like the Greek City States, each Chinese province had its own money, mostly made of bronze, a mixture of copper and brass. Dragons were considered a good-luck sign and as such they were pictured on many early Chinese coins. Later, the Chinese money consisted of tea leaves and sawdust pressed into a solid bar or brick. It was known as *Chinese tea money.*

A selection of coins from the far East

Manillas were made in Birmingham and used as money by early traders in Africa. They were frequently used in barter for slaves

Japanese Coins: Strangely, on the islands of Japan the use of coins came much later. The first regular issues of Japanese coins date from early in the 8th century and were similar to the Chinese ones. For the next 250 years, the copper *sen* formed the basis of Japanese coins. From the middle of the 10th century until late in the 16th century, no official coins were produced in Japan.

After Japan came under the influence of the West, a remarkable change was seen in the Japanese coins. In 1867, the 'Enlightened Government' issued Western type coins. The new currency was based on the silver dollar and the coin of this denomination was called *yen*. The Japanese tried to emulate the Mexican dollar by issuing their own trade dollar, but it was withdrawn only after a few years because it was of a higher silver content than its rival.

The contemporary coins of Japan can be easily identified by their delicate designs. They frequently had a stylised *Chrysanthemum* in the design. The Second World War led to issuing of coins in tin and aluminium, but now the expanding economy of Japan is reflected in her modern coins being struck once again in silver and nickel.

Needle money—also known as 'arrow head' or 'axe'—was used in Southern Nigeria. One needle was worth two cowrie shells.

Curious Money: It is a very exciting fact that before coins were struck in different parts of the world, many curious things had been used for money as a medium of exchange. Almost anything that had a common value among groups of people had been used at some time or the other in various parts of the world. Salt was used for money in Egypt in the Nile Valley; sea shells in parts of Africa and Asia; almonds in Persia; potatoes in the island of Tristan da Chunah; whale-bone in Fiji; and dogs and wild boars teeth in the

Egyptian ring money

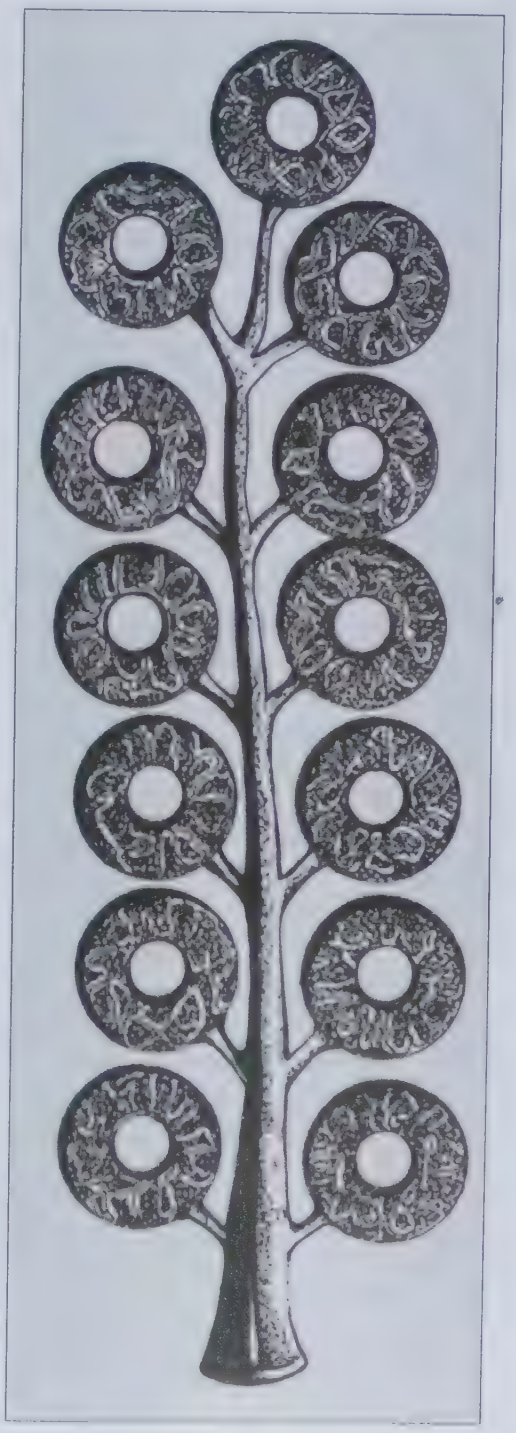
Elephant tail bristles, used for money in West Africa

Admiralty Islands in the south-west Pacific and in some other parts of the world.

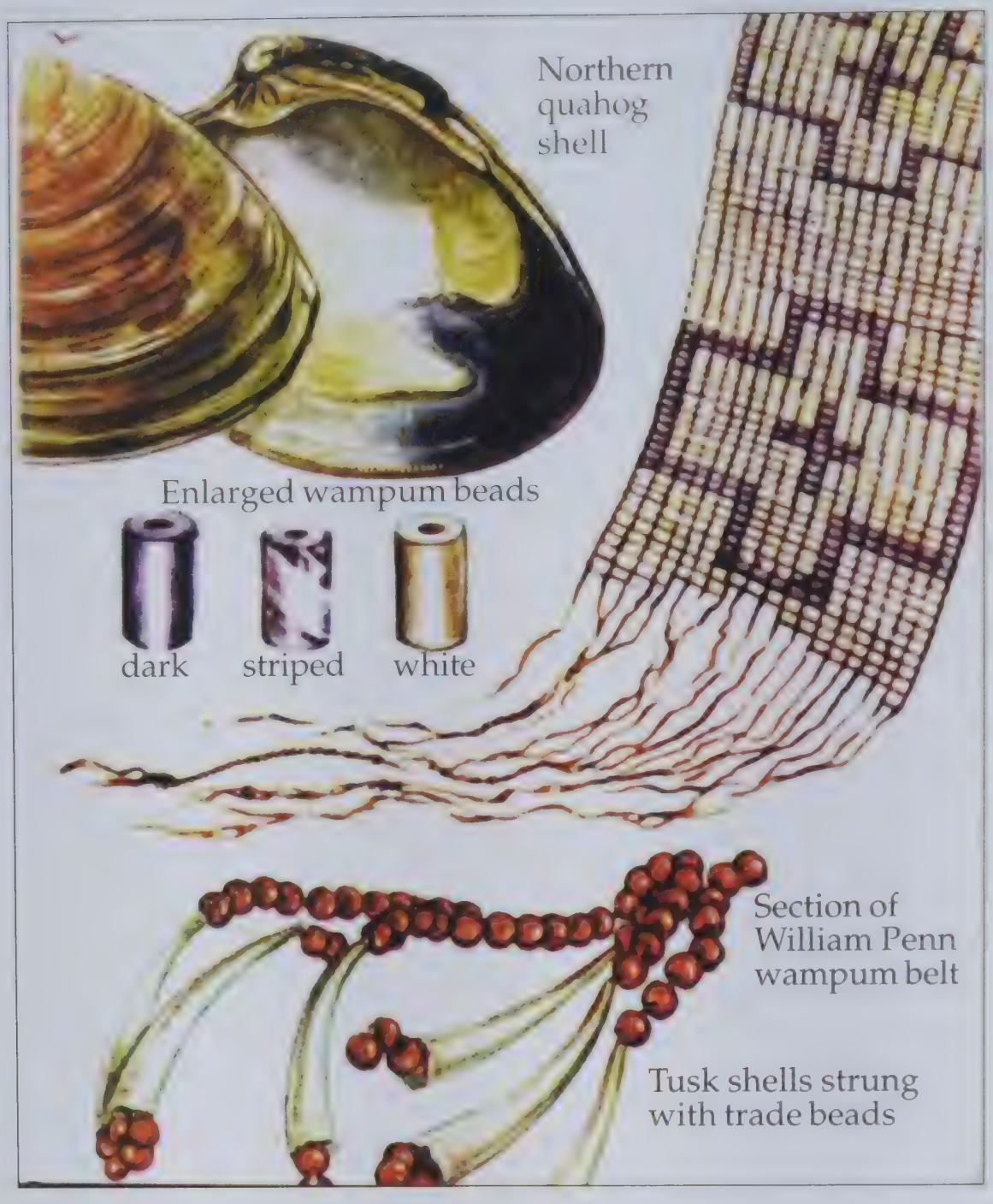
When the Chinese traveller Fa-hien visited India in A.D. 399, he mentioned in his book *A Record of Buddhist Kingdoms*, that the daily use commodities were so cheap in the country that people used for buying and selling *cowrie*. It indicates that though coins were current, cowries were also used as money in those days in India.

It is interesting to know that the people of Malacca made a *money-tree* with round pieces of tin as its leaves that could be broken of and spent as needed for buying their requirements. The Egyptians also used rings of copper as a form of money, while the Africans bought things with the bristles from elephant's tail.

Axe-shaped money was once in use in Mexico, whereas earlier the Aztecs bought things with small gold figures because gold was found in Mexico in abundance in olden days. Strings of tusk or tooth shells, often with glass trade beads, were used in trading by Indians in north-western America.



Malaccan money-tree →



Wampum

Colourful money cowrie shells were a kind of money in both Africa and Asia.

Wampum: The Indians in the eastern America had a very strange object of money, which they called *wampum*. It was made of beads cut from shells of a marine clam. The beads were strung into strands, then fastened together to make belts or bands. The symbolic patterns of the belts represented a tribe's important events, such as a pledge or a treaty. White beads generally signified peace, health and wealth. Dark beads meant war, sickness or sorrow, and death and were usually twice as valuable as the white. Later, the Dutch and the English gave *wampum* a standard value as money in trading.

8

Some Odd Shaped Modern Coins

Like many other things in the world, coins, too have different shapes and sizes. The familiar and usual shape of a coin is round, but many modern coins have other shapes too. Some of them are odd and unusual. Certain coins are oval, while others are oblong. Of the pre-independence Indian coins the two-anna coin was diamond-shaped with rounded corners and the one-anna coin had scalloped edge. Similar coins existed in Burma (now Myanmar). Many other nations of Asia, South Pacific and Africa have coins with scalloped edge similar to India's pre-independence one-anna coin.

Old coins of different shapes and sizes

It may thrill some of you to learn that Canada's five-cent is a twelve sided coin, a shape used by many other countries that either are or were once political colonies under Great Britain. Besides twelve sided, there are coins

Rectangular centavo from Oaxaca, Mexico
Anna of India, with scalloped edge
Square five-cent piece from ceylon
Twelve-sided Canadian nickel
Diamond-shaped coin of Burma
Oval Japanese coin
Annam square-holed coin
Japanese 10-sen round-holed coin

Some odd-shaped coins of modern time

with six, eight and ten sides. Interestingly, India's some two-rupee commemorative coins have an unusual eleven sides.

Most of the coins in the world are solid, but a number of coins of Japan and China have a hole in the centre. The holes in the centre may be round or square and were initially intentionally made so that the coins could be easily carried on a string. Due to shortage of copper during the First World War, British-India also minted a holed small copper pice in 1943, which later became popular as *Chayekwala Paisa* but this was discontinued in 1947 after India gained independence.

Do you know why countries mint coins in different shapes and designs? They have strong reasons to do so. Countries make these oddly shaped coins to discourage counterfeiting and to make their coins easily recognisable from those of other countries. Another plausible reason is that such oddly and unusual shaped coins fulfil coin designers' aesthetic aspirations or the opinion of the country's ruler(s).

Animals on Coins: Picturing animal figures on coins has been popular since ancient days and the practice continues till today. Ancient Greek coins had images of horses and other animals in their designs. Today, elephants, lions, cows, bulls, dogs, giraffes, jaguars and many other animals grace coins throughout the world.

Most of you may not know that in India we had the bull and the horse on some of the post-independence coins. The one-anna with scalloped edge

had the bull on its reverse, whereas the copper one-pice bore the figure of the horse on its reverse till 31 March 1957. All India's current coins have three lions sitting back to back on the obverse as the principal device.

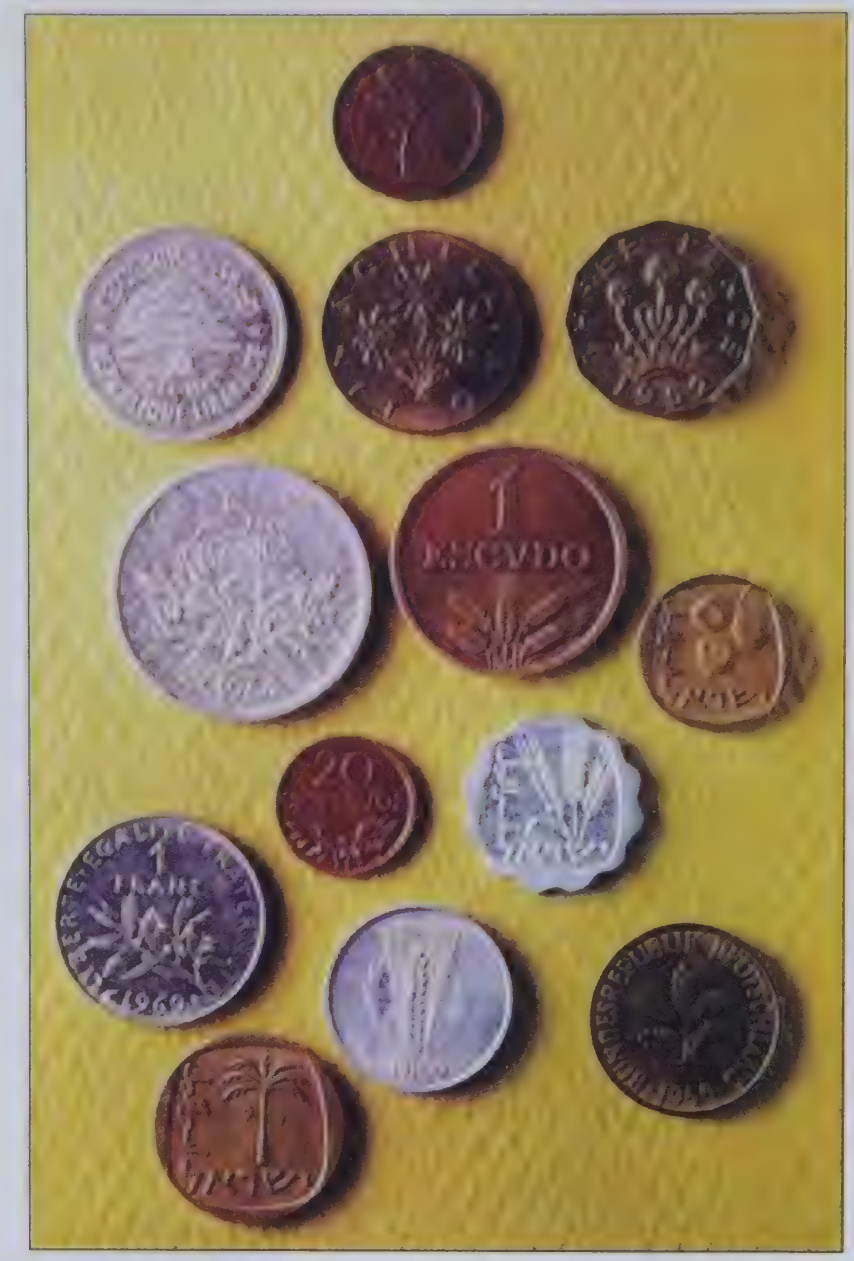
The famous animal coin has US buffalo on it. When it was first issued in 1913, the buffalo was standing on a mound. The Irish used a bull on their one-shilling piece, a hare on the three-pence, a horse on the half crown and a wolfhound on the six pence. A Canadian five-cent piece shows a beaver and their 25-cent coin has a caribou.

Coins with animal motifs

You all know that the kangaroo is the national animal of Australia. So, it naturally appears on an Australian penny and a ram is seen on the shilling. New coins from Australia show a frilled lizard, echidna (spiny ant-eater), and a platypus—all symbolic of this island continent. A springbok appears on a five-shilling piece from South Africa, whereas the Italian five-lire has a porpoise. The Chinese considered the dragon as a good-luck sign on their coins.

Birds on Coins: You must have seen coloured pictures of different birds on postal stamps of many countries.

Coins with birds and fish designs →



Coins with designs of trees and plants

The number of coins depicting birds is equally large and they have been pictured on many coins of the world. They range from the flightless Kiwi of the New Zealand to the gaily-feathered peacock on the half-rupee of Burma.

The giant condor graces the ten-peso coin of Chile, while the eagle appears on all US coins, above ten-cents. Eagles are shown more than any other bird. Birds on coins include the dove on the Japanese five-yen, the grouse on the Norwegian two-ore, a hen on the Irish penny, a wren on the British farthing, and the quetzal is pictured on Guatemalan coins. An early Greek coin had an owl, the traditional symbol of wisdom.

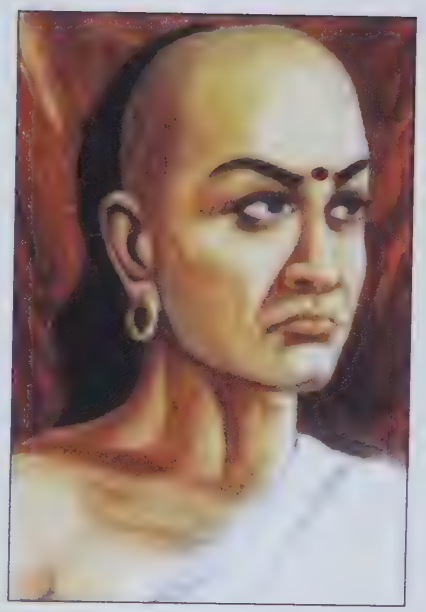
Ships on Coins: The real ship is seen sailing on seas, but their likeness at times is shown on many coins of certain countries. The five-paisa coin of Pakistan shows an Arab sailing craft. Similarly, Britain and Canada depicted sailing crafts on their old coins.

Trees and Plants on Coins: Trees and plants are not only seen in gardens and parks. Sometimes, they are seen on coins, too! Though they are less common as a major feature in the design of coins, nevertheless they do form part of coins. Normally, they are seen pictured on the reverse side of coins. Palm trees are fairly numerous appearing on coins of Liberia, Great Britain, France, Cameroon and several other countries.

Strangely, ears of corn can also be observed on a number of coins of many nations. On the reverse of the current one-rupee, half-rupee and quarter-rupee coins of India, a pair of ears of wheat is seen on the two sides of the Roman numerals showing the value of the coin.

9

Ancient Indian Coins


Kautilya

Nowhere does the ancient Indian history mention as to how the early coins were minted in India, except in the 6th century B.C. Panini, the great grammarian refers to some stamped coins in his work on grammar and also for a brief account in the *Arthashastra* by Kautilya wherein he describes how in the 4th century B.C. counterfeits forged coins to benefit themselves. The actual coins of the period show that they were cut and clipped for proper weights. And they are found in all conceivable linear geometrical forms, round, oval and elliptical. The history of the Indian coinage, therefore, dates back to 6th century B.C. where Panini first mentioned about stamped metallic pieces or coins in the country.

The techniques followed those days in Indian coinage were the punch-marked die-struck and cast coins. An interesting fact about these coins is that they were uneven pieces of metal and were stamped on only one side by one to five different punches while their reverse side remained blank. Amongst numismatists and historians, these coins are known as 'punch-marked coins'. These are the oldest coins available in India. You can see them in the National Museum at Janpath, New Delhi, where a huge collection of rare and old coins is available on display.

Another notable feature of these early Indian coins is that they bear no inscriptions or legend. Instead, they have device or design of various forms of hills, trees, birds, animals, reptiles, floral and geometrical patterns and the like. These early 'punch-marked' coins have been found in large numbers. These coins were in use almost all over the country in different

The earliest Indian coins were punch marked and irregular in shape

big and small Indian states then known as *Janapadas* and *Mahajanapadas*, respectively. The coins of each of these states differ from one another in their execution, fabric, weight, quality of metal and their symbology. Evidentally, the punch-marked technique seems to have been continuously followed from 6th century B.C. till the beginning of the A.D. 1st century.

It may interest you to know that apart from silver coins, the copper-coins also came into existence in the Mauryan period as per Kautilya. But, copper punch-marked coins are rare. Next to the Mauryan coins, the coins of the Guptas occupy an important place in Indian numismatics. The coins of the pre-Gupta kings were foreign in inspiration and bilingual in the legend. For a few years in the beginning, the Gupta coins, too, showed foreign influence, but later they completely Indianised their coins. Gold was found in abundance in India during the Guptas. Therefore, a great variety of gold coins can be seen. The Guptas issued many coins in gold and, therefore, the Gupta period in the history of Indian coins is known as the 'Golden Era'.

10

Invaders' Impact on Indian Coins

Early invasion of India by foreigners greatly influenced Indian coins and introduced new trends. Alexander the great was the first foreign invader. When he entered India in 326 B.C., coined money was already in circulation in the country.

Alexander, on defeating Puru (Porus), did not issue any coin to commemorate his victory. Perhaps his sole interest in life was to conquer the world. However, his victory is said to have been commemorated by a few silver coins that might have been issued by his loyal general, Selucus at Babylonia. On these coins, the likeness identified that of Alexander's in the form of Greek god Zeus, is shown on one side. On the other side, a war scene—a horseman with a lance at rest, charging upon a retreating elephant, on the back of which are two men turning round to face their pursuer.

Alexander as Greek God, Zeus

If this motif indeed depicts the Puru–Alexander war, then these coins may be credited to be the first foreign coins associated with India. But, the Greek influence on the Indian coins is amply evident in the later years of the century.

An Indo-Greek coin, 1st century B.C. silver, struck by the die-striking technique earlier unknown to India

The Bactrian kings, who ruled between 200-100 B.C., followed the Greek monetary system and issued coins by the die-striking technique, which was till then unknown to India. These kings and queens gave new dimensions to the Indian coins.

In the first place, the Bactrians placed portraits of their king on the obverse, which were realistic and deeply drawn. The motifs clearly show what type of men were these early foreign invaders of India. Showing the portraits of the rulers was not the practice in India prior to the advent of the Bactrians.

Secondly, they introduced the effigy of the Greek gods and goddesses—Zeus, Poseidon, Apollo, etc. on the reverse which was also a new trend in India. The reverse of the Indian coins hitherto had been simply blank.

The Bactrians also showed symbols of their religion or faith on their coins. Occasionally, these sacred symbols are seen on the obverse side also. These worship symbols are often prominent on copper coins, on which the royal portraits were rare. Later, these Indo-Bactrian kings depicted even the Indian gods on their coins. Some of the coins of this period show images of *Krishna* with *Chakra* on one side and that of *Balarama* with the 'plough', his celebrated weapon, on the other.

Introduction of inscription was yet another foreign impact on Indian coins. Some of the Bactrian rulers issued unilingual coins, but most of them issued bilingual coins using Greek and Prakrit, the language then in vogue in India.

Finally, one observes that instead of issuing coins in various linear geometrical forms as was the practice earlier in India, these foreigners issued coins mostly in circular form and occasionally in square or rectangular. And later the Indian coinage followed the pattern of issuing circular coins only and the practice of irregular, languish and rectangular coins was discontinued. This indeed was a big foreign impact on Indian coins.

This gold coin belonged to Samudragupta (AD 335-380)

Strangely, the use of gold in coins was also due to foreign

influence. Though gold coins were in circulation during the Indo-Bactrian period, their issue was confined to Bactria only and was not extended to the rest of India. In fact, the Kushans who were of Chinese origin used gold for coinage for the first time in India. The credit goes to Wima, a Kushan prince, who was the first to issue gold coins on the soil of India.

Mysore's Sultan Haider Ali's Shiva-Parvati type gold coin (18th-19th century)

It is interesting to know that Kanishka, the successor of Wima, was probably the first king to depict the human figure of the Buddha on coins. Earlier, the Buddha was shown on any object only symbolically in the form of an Elephant or a Lotus.

After the Gupta period, the Mughals issued rich and brilliant coins in Persian and Urdu calligraphy and amongst them the most notable are the Zodiac series. After the death of Aurangzeb, the Mughal Empire disintegrated and the regional interests began to assert themselves. Consequently, regional and local rulers assumed power, including the minting privileges. In the 18th century, the Mughal power almost disappeared. After that, first the Marathas and then the British came to power. This was the beginning of the modern phase in the history of Indian coins.

Muslim rulers issued coins in copper and silver with Persian and Urdu calligraphy

11

British-India Coins

The British came to India as traders in 1601 and by 1853 they became masters and till 1947 they ruled as kings and emperors.

While trading with Indians, the English required local coins to meet the exigencies of their trade. They employed both fair and foul means in meeting their needs by minting local coins. The earliest coins came from the Madras Mint with figures of Lord Vishnu and Sri Ranganatha. In 1639, when they had taken Chennappattanam (Madras, now Chennai) on lease, they also obtained the sanction to mint local coins. It was a fair means, but they had no permission to mint coins of the contemporary Mughal emperor Aurangzeb, yet they forged the Mughal coins. These unprincipled actions

British-India copper coins

British-India silver coins

of the East India Company (Company) drew criticism by the local authorities. To legalise their otherwise illegal action, the Company obtained permission to issue copies of native coins, from their King, James II in 1686. But, that was also not in order. The Company, therefore, remained conscious of its irregular action and always strived to secure sanction of the Mughal authorities to mint their coins. With great efforts, it finally got the permission in 1717 from Farrukhsiyar (local Mughal Governor) to mint his coins at the Island of Bombay. Similarly, in 1742, they obtained permission to strike Mughal coins with the mint-name 'Arcot' at their Madras mint.

In the Eastern India, till 1759, the British did not mint any coin themselves. Instead, they sent their bullion to the mints of the Nawabs at Dacca and Murshidabad for coining. It was in the same year that they were allowed to have their own mint at Calcutta (now Kolkata). In 1764, the Company took the administration of Bengal in its hands and simultaneously assumed the right of coins and issued them in the name of the Mughal Emperor.

We all know that the English ruled over our land through three Presidencies—Bombay, Calcutta, Madras and each issued their own coins.

Pre-independence rupee, ½ rupee, ¼ rupee and two anna coins of India in silver

In 1835, the Coinage Act was passed in England to have a uniform coinage for India based on the British pattern, bearing the head of the ruler of England, instead of the name of the Mughal Emperor. A standard Indian rupee based on the Arcot rupee which was in circulation in the South India was introduced for the whole country.

In addition to the Arcot rupee, a double-muhar of the value of thirty-rupees, a Muhar of the value of fifteen-rupee, ten-rupee and five-rupee in gold and one-rupee, half-rupee, quarter-rupee coins in silver were also issued with the bare head of King William IV with his name as WILLIAM IIII on the obverse. And on the reverse 'EAST INDIA COMPANY' was inscribed with the face-value in English and Persian.

Queen Victoria ascended the English throne in 1837. But, in India her coins were issued from 1840 onwards only. Both the gold and silver coins bore her portrait without the crown on the obverse. A new silver coin of two-annas was also introduced in 1841, but somehow discontinued in 1917 during the First World War due to economic strain on the Government on account of soaring price of silver.

The first war of independence in 1857, proved a major milestone for Indian coinage. After that the rule and role of the Company ended and the British Crown assumed complete power over the country. The first coinage

Pre-independence rupee, ½ rupee, ¼ rupee and two anna coins in pure nickel and cupronickel

of India under the British Crown came into existence in the year 1862. These coins had the bust of Queen Victoria wearing an imperial crown and richly embroidered robe with 'VICTORIA' to the left and 'QUEEN' to the right on the obverse. The reverse, however, followed the earlier pattern.

In the year 1877, the Queen assumed the title of Empress of India, so the word 'QUEEN' was replaced with the word 'EMPRESS' on the obverse side of the coins. Thereafter, till 1950 all the British colonial and Indian coins bore the dual inscription of KING and EMPEROR on the coins. After Queen Victoria, King Edward VII came to the throne and ruled till 1910.

The pre-independent coins of India were beautiful and fascinating. Some of you may have heard from your grandma or grandpa that during their younger days, coins of different denominations such as two-anna, one-anna, half-anna, paisa and pice existed. Today, none of them are in circulation, you may however, see them with a coin collector or in a museum. These British-India coins were in varied bullion and had different shapes and sizes. In 1906-1907 the one-anna coin was introduced for the first time. Along with it, it was also proposed to issue half-anna coins, but later the proposal was dropped and only one-anna coins in cupronickel were issued.

In 1910, George V came to the throne after the death of Edward VII.

One anna, ½ anna, one pice and the holed pice of pre-independent India

Obverse of popular one pice holed copper coin

And, in 1911, when he visited India, coins were issued in his name on the occasion of the Delhi *Durbar*. On these coins, unlike on the earlier ones, the King was shown wearing a crown and in full royal robes.

During the reign of George V, some significant events took place. The first notable occurrence was that the half-rupee, quarter-rupee and the two-anna coins in silver were suspended in 1918. In their place, coins of those values were issued in cupronickel. But the cupronickel half-rupee and quarter rupee were not issued after 1920 and 1921 respectively. They were, however, re-issued in silver. Only the two-anna coins in nickel continued and were never re-issued in silver. Another important event was that the silver rupee coins were issued in the reign of George V only till 1922, though later they were revived.

The World War II caused great pressure on the British economy and there was scarcity of silver and rising price. One-rupee silver coins were minted after 1939, though the coins were issued till 1940. The cupronickel two-anna and one-anna coins were replaced by the aluminium-bronze coins in 1942 which continued upto 1946. Even the circulation of silver coins was suspended in 1945 due to continued shortage of the metal. These coins were then issued in cupronickel in 1946.

A new half-anna coin in aluminium-bronze was also introduced in 1942. In 1943, the famous half-pice coins were dropped forever. In 1943, to meet the shortage of copper, a new holed thin pice was issued which had a flowered design on one side and the other side had the crown and the date along with the value in English, Hindi and Persian and the word INDIA. All these coins were issued till 1947. These coins, popularly known as *Chayek Wala Paisa*, may still be lying in some old almirah of your grandma.

A visit to the National Museum, New Delhi or to RBI Monetary Museum, Mumbai will afford you a very good opportunity to see all these coins.

12

Post-Independence Coins

On 15 August 1947, India became independent, but her coins still remained under the British rule. It is for this reason that you don't come across Indian coins with the dateline 1948 or 1949. It was only on 26 January 1950 when India became a Democratic Republic, she issued her own coins. In that year, for the first time, new coins of free India were issued. In the beginning, they followed the old English pattern almost in all respects. The value, weight, metal and fabric all were the same except for the designs and device that were changed.

Sarnath Capital of Ashoka without the words 'Satyameva Jayate'

The first discernable change in the free India coins was that, on the obverse side, the effigy of the king was replaced with the figure of the *Sarnath Capital of Ashoka*, which was adopted as the insignia of the Indian Republic, the name of the king was replaced with words 'GOVERNMENT OF INDIA' in English. The second notable change was that, on the reverse of the rupee, half-rupee and quarter-rupee coins the floral decoration was removed and a pair of ears of wheat was placed on the two sides of the Roman numerals showing the value of the coin. The value was also shown, above in Hindi and below in English with date. The rupee coin had the security edging, whereas the half-rupee and quarter-rupee had milled edge. The first three coins, i.e. the one-rupee, half-rupee and quarter-rupee were made in pure nickel and the next three value-wise were in cupronickel and the pice in bronze.

Another striking difference between the old and new coins was, on the reverse of two-anna, one-anna, half-anna and *paisa*, an original symbology was used. A bull was placed on the reverse of the two-anna, one-anna and half-anna and a flying horse on the copper paisa. These coins continued till 31 March 1957.

The First Few Coins After India Became a Republic in 1950

Denomination	*Composition*	*Shape*	*Size*	*Weight*
Rupee	Pure Nickel	Circular	1.000"	180 grains
½ Rupee	Pure Nickel	Circular	0.950"	90 grains
¼ Rupee	Pure Nickel	Circular	0.750"	45 grains
2 Anna	Cupronickel	Square	1.00"	90 grains
1 Anna	Cupronickel	12 Scalloped	0.827"	60 grains
½ Anna	Cupronickel	Square	0.778"	40 grains
1 Pice	Bronze	Circular	0.840"	60 grains

(The first issue of Indian coin after independence was minted only between 26 January 1950 and 31 March 1957.)

Introduction of Metric/Decimal System: The year 1957 is a landmark in the history of Indian coinage, when on 1 April 1957, an altogether new era ushered in. With a view to keep pace with the developed countries of the world, India adopted the new metric system that had originated in France, and was being gradually accepted by other nations of the world.

Under the new system, a number of changes were brought about. However, the *Rupee* retained its original value, but instead of being divided into 64 pies or 192 pies as hitherto, it was now divided into 100 equal units called *paise* and was struck in pure nickel. It was intended that during

←The first issue of free India's coins—1950

the transitional period of three to four years, both the old and the new coins would remain in circulation, and the new paisa or *Naya Paisa* will be introduced under the metric system. This paisa was thus to become the primary unit of the Indian currency. A strict application of the decimal principle would have permitted only one more denomination between the paisa and the rupee viz. ten-paisa, but, for the sake of convenience, the earlier familiar equivalents of half-rupee and quarter-rupee were retained as fifty *paise* and twenty-five *paise* respectively. In addition, new denominations of two-*paise* and five-*paise* were also introduced under the new system.

The new system involved the following modifications. The design on the obverse of all denominations was slightly altered, with the words 'INDIA' in English and 'BHARAT' in Hindi appearing on the left and right of the Ashoka Capital, replacing the words 'GOVERNMENT OF INDIA'.

The decimal coinage of India introduced in 1962

The designs on the reverse were completely changed. For all denominations below the Rupee, the fractional relationship of the coins continued to be minted without any change till 31 March 1962.

The 1957 Series of Indian Coins Under the Decimal System

Denomination	*Composition*	*Shape*	*Size*	*Weight*
Rupee	Pure Nickel	Circular	28 mm	10 grams
50 Naye paise	Pure Nickel	Circular	25 mm	5 grams
25 Naye paise	Pure Nickel	Circular	19 mm	2.5 grams
10 Naye paise	Cupronickel (across scallops)	8 Scalloped	23 mm	5 grams
5 Naye paise	Cupronickel (across scallops)	Square	22 mm	4 grams
2 Naye paise	Cupronickel (across scallops)	8 Scalloped	18 mm	3 grams
1 Naya Paisa	Bronze	Circular	16 mm	1.5 grams

However, the process of conversion to the decimal system was officially declared completed, when the Indian Coinage Act, 1906 was further amended with effect from 1 June 1964, so as to drop the words *Naya* and *Naye* in relation to the paisa and paise.

For the first time in the history of Indian coinage, a new coin in aluminium-magnesium alloy of the denomination of three-*paise* was introduced in July 1964, and it was hexagonal in shape. In April 1968, another coin of twenty-*paise* was introduced in aluminium-bronze and the coin of twenty five-*paise* was suspended. But in January, 1972 the twenty-*paise* coin was dropped and the minting of twenty five-*paise* coin was resumed. But this time they were minted in cupronickel instead of pure nickel.

← Five, three, two and one paise aluminium coins

It is unfortunate that most of the lower denomination coins are now out of circulation. The *paise* coins are totally unseen today in circulation in the market. Similarly, two, five, ten and twenty-five *paise* coins have also disappeared from the circulation. It is because their real value had so much gone down due to inflation, that, even a beggar does not expect you to donate him any of these low denomination coins. He knows, these small denomination coins have no purchasing power in the prevailing market conditions.

With the sudden increase in the price of copper and nickel certain changes in the alloy composition of the decimal series had to be made, so as to eliminate the risk of the diversion of these coins through melting or otherwise, on account of their face values. The changes in favour of certain alloys were made only after making sure that these alloys already stood tested elsewhere in the world and were universally accepted for coinage purposes. There was also experimentation with new alloys to reduce their import contents for economy reasons.

Trial Pattern Post Independence Coin: Interestingly, one of the trial pattern post-independence coins of India was issued in 1949. The two-Anna diamond shaped with rounded corners had a peacock. This coin, however, never came in circulation and remained only a part of the trial coinage.

13

One Rupee Coin of India

Emperor Sher Shah Suri

The story of our one rupee coin is as fascinating as the story of Cinderella. Do you know how the name Rupee came into being? The word *rupee* was coined from the word *Rupaiya* given by Sher Shah Suri, the Sultan of Delhi, who had struck a silver coin of 178 grams in A.D. 1542. When the coin was first presented before the Sultan, he looked at it and exclaimed *Rupaiya* (meaning beautiful) and from *Rupaiya* we have the word 'rupee', the English version of the word.

However, the contemporary rupee coin that we use today was born in 1672 at Bombay (now Mumbai). At the time of its birth, its weight was 180 grams and the flan 1.100". And its complexion was pure silvery. The island of Bombay was the first English owned territory in India, which they got as a part of dowry from Portuguese. Therefore, they set up a mint on their first landholding in India in 1671. The rupee was first minted in Bombay in 1672, bearing the arms of the East India Company. Four such coins dated 1675, 1677 and 1678 are preserved in the British Museum. If anyone of you happens to visit the British Museum in London, don't miss to have a look at these historic silver pieces.

Reverse and obverse of a silver one rupee coin

After so many Kings and Queens as mentioned in earlier chapters,

George V came to the throne. He was the first English King to visit India. After his coronation in England he decided to visit India. Enthusiastic preparations were made in the country to host a red-carpet welcome to the King and his Queen, Mary. An arc-shaped gate, which was originally in mortar and later in stone was erected at Bombay which is now known as the Gateway of India. The King's ship anchored at the Bombay harbour and landed where the gate was erected. It is for this reason that the gate was named as the Gateway of India. For the coronation, two silver thrones were made for the King and the Queen at the Calcutta Mint built in 1829. It is interesting to note that, to gather metal for the two thrones ninety-six thousand silver coins were furnaced and melted at the Calcutta mint. These silver thrones were sent to Delhi for the ceremony and after the coronation they were housed in the Vice Regal Lodge, which is now known as Rashtrapati Bhawan, where they now form a part of the Rashtrapati Bhawan's museum.

One rupee silver coins issued at different times

The King landed at Bombay in December, 1911 for a *Durbar* (coronation) that was to take place in his honour at Delhi. To commemorate the occasion, a new rupee coin was designed and was to be issued, showing the King riding an elephant. But, through an oversight the trunk of the elephant was so engraved that the figure of the elephant appeared like a pig. This caused resentment among the members of a certain community. The Government had to stop minting of these coins within a month to avert further trouble. The coins that were already issued with the pig like figure became rare and are obviously priced high today by coin collectors. These rare coins are referred to as 'Pig Coins' by numismatists. However, the new rupee-coin with a new die was issued in June, 1912 having a much more realistic figure of the elephant.

On 11 December 1936, the Duke of York came next to the throne as George VI. He was crowned on 12 May 1937. It was during the reign of

this King, our country attained freedom. George VI died on 6 February 1952 and the Indian coins sheared their relations once for all with the kings and queens of England after his death. And no more figures of the kings and queens appeared on our coins.

The silver rupee continued to be issued till 1940. During World War II, on account of scarcity of silver, rupee coins were issued for the first time in quaternary alloy which contained only 50% silver. All the previous silver rupees had straight milling. But, on these quaternary alloy coins, the security edge gradually replaced the straight milling. Because of 50% silver contents, even this quaternary alloy rupee carried some intrinsic value.

By the time India was to get independence, the scarcity of silver was further felt, therefore, the rupee was made of pure nickel instead of 50% silver in 1947. This pure nickel rupee bore the effigy of George VI. However, in the year 1950, when India became a Sovereign Democratic Republic, the Ashoka Capital replaced George VI and appeared on the obverse of the independent rupee.

The present Indian rupee coin which was once used to be in pure silver is now made of stainless steel. For the old timers, who still cherish pre-independence memories of the ringing silver rupee, it may be painful to recall. The process of the gradual change of the metallic composition of the rupee from pure silver to quaternary alloy, from quaternary alloy to pure nickel, and from pure nickel to cupronickel and now to the present stainless steel with hardly any intrinsic value.

Sadly, today our rupee coin is less in weight and smaller in size, and made of stainless steel, but all that does not matter because, its face value continues to be the same.

14

Commemorative Indian Coins

Besides common coins, there is another variety also. It is known as 'commemorative coins'. They are issued to commemorate a special event, a place, or a person to preserve their memory. Ancient Greeks and Romans issued coins to commemorate their important national events. Indian mints have issued commemorative coins in all denominations on different themes. Many nations issue coins of this sort. These coins are struck with great care; therefore, they are usually very beautiful. Only a limited number of such coins are issued for general circulation.

The concept of commemorative coins is not new to India. They were issued in ancient days also. One such coin of great significance is Chandragupta-1's commemorative coins of the king and queen type, recording the important event of the marriage of Emperor Chandragupta with the Lachchavi Princess Kumaradevi.

Some commemorative coins of India

Commemorative coins are also made in proof condition for numismatists and coin-collectors. The proof coins are of exceedingly high quality. They are minted individually with especially prepared blanks and highly polished dies. Whenever a new set of commemorative coins is to be issued, the Bombay Mint notifies in the national dailies to book

Yearwise Issue of Commemorative Coins

Year	*Theme*	*Denominations*
1964	Jawaharlal Nehru	1 Re & 50 P
1969	Mahatma Gandhi Centenary	Rs 10, 1 Re, 50 P & 20 P
1970	Food for All	Rs 10 & 20 P
1971	Food for All	Rs 10 & 20 P
1972	25th Anniversary of Indian Independence	Rs 10 & 50 P
1973	Grow More Food	Rs 20, Rs 10 & 50 P
1974	Planned Families; Food for All	Rs 50, Rs 10 & 10 P
1975	Equality, Development, Peace	Rs 50, Rs 10 & 10 P
1976	Food and Work for All	Rs 50, Rs 10 & 5 P
1977	Save for Development	Rs 50, Rs 10, 10 P & 5 P
1978	Food and Shelter for All	Rs 50, Rs 10, 10 P & 5 P
1979	Happy Child—Nation's Pride	Rs 50, Rs 10, 10 P & 5 P
1980	Rural Women's Advancement	Rs 100, Rs 10, 25 P & 10 P
1981	World Food Day	Rs 100, Rs 10, 25 P & 10 P
1982	IX Asian Games	Rs 100, Rs 10, Rs 2, 25 P & 10P
1983	Nation's Integration	1 Re, 5 P
1985	Indira Gandhi	Rs 100, Rs 20,
1985	Reserve Bank of India Golden Jubilee	Rs 100, Rs 10, Rs 2, 50 P
1986	Fisheries	Rs 100, Rs 20, 50 P
1987	Small Farmers	Rs 100, Rs 20, Re 1
1989	Jawaharlal Nehru Centenary	Rs 100, Rs 20, Rs 5, Re 1
1991	Commonwealth Parliamentary Conference	Rs 10, Rs 5, Re 1
1992	Quit India Movement (Golden Jubilee) 1942-1992	Rs 100, Rs 50, Rs 10, Re 1
1993	Inter Parliamentary Union Conference	Re 1
1994	International Labour Organisation	Re 1
1996	Sardar Vallabhbhai Patel	Rs 100, Rs 50, Rs 10, Rs 2
1997	50th year of Independence	Rs 50, 50 P
1998	Shree Aurobindo	Rs 100, Rs 50, Rs 10, Rs 2
1999	Chattrapati Shivaji	Rs 100, Rs 50, Rs 2
2000	Golden Jubilee of Supreme Court	Rs 50, Rs 2
2002	Bhagwan Mahavir & Jai Prakash Narayan	Rs 100, Rs 5
2003	Veer Durgadass	Rs 100, Rs 10, Re 1
2003	Maharana Pratap	Rs 100, Rs 10, Re 1
2004	K. Kamraj	Rs 100, Rs 5
2005	75 Years of Dandi March	Rs 100, Rs 5
2006	Mahatma Basaveshwara	
2006	Jagath Guru Sree Narayana Gurudev	
2007	Lokmanya Bal Gangadhar Tilak	
2007	Golden Jubilee Celebration of Khadi and Village Industries Commission	

individual orders from coin collectors and dealers. These coins are sold as sets in attractive packaging. Commemorative coins are often sold at a premium because of their limited production. When you next see such notification in newspapers, you may also order a set for yourself and be a pride owner.

The first commemorative modern Indian coin was issued in memory of Pandit Jawaharlal Nehru, in 1964-65. Since 1969, the Bombay Mint has been producing commemorative coins almost every year. India also issued these coins of five different denominations on the occasion of IX Asian Games, held in India in 1982.

The quality of our coins is of international standard. Therefore, in recognition of their superb quality and execution, the one hundred rupee 'Indira Gandhi', commemorative coin issued in 1984, minted in the Bombay Mint, received the 'most historically significant coin of the year award' in 1985 from Krause Publications, United States of America (Publisher of *World Coins News*). The coinage of India exhibits a variety of fabrics, motives, scripts and monetary systems which has no comparison.

Some Historic and Commemorative Indian Coins

Nehru Coins, 1964: Two coins in the denominations of one rupee and fifty-*paise* were issued on 14 November 1964, in memory of the architect of India's freedom and her first Prime Minister, Pandit Jawaharlal Nehru. Both the coins were in pure nickel, the size, shape and weight being the same.

Jawaharlal Nehru's commemorative coin—1964

Gandhi Coins, 1969: As part of Mahatma Gandhi Birth Centenary Celebrations, four coins of the denominations of ten-rupee, one-rupee, fifty-*paise* and twenty-*paise* were issued on 2 October 1969. The ten-rupee coin was in an alloy of 80% silver and 20% copper. It was 34 mm in diameter and weighed 15 grams. The one-rupee and fifty-*paise* coins were in pure nickel and twenty-*paise* in aluminium-bronze. The size, shape and weight of these were the same as in the ordinary decimal series coins of these denominations.

Some historic commemorative coins of India

Silver Jubilee of India's Independence Coins, 1972: Two coins of the denomination of ten-rupee and fifty-*paise* were issued on 15 August 1972. The Reserve Bank of India made these coins available to the public at their issue counters all over India throughout the commemoration year. The ten-rupee coin is in quaternary alloy (silver 50%, copper 40%, nickel 5% and zinc 5%). It is in crown size, 39.00 mm diameter, weighing 22.5 grams. The fifty-*paise* coin is in cupronickel (75% copper and 25% nickel) and is of the same size, shape and weight as of the current decimal coins of this denomination.

15

Modern Indian Mints

Today, there are four mints in India: Mumbai, Kolkata, Hyderabad and Noida. In 1947, when India became free, she inherited the two English mints, one at Bombay (Mumbai) and the other at Calcutta (Kolkata). The Nizam's mint at Hyderabad was later taken over by the Government of India after the Federal Financial Integration of the erstwhile State in 1950. Over the years, due to increase in demand, need for the fourth mint was felt by the Government and the Noida mint came into being.

Earlier, between 1835 and 1837, a British mint at Madras was also operative along with the Bombay and Calcutta. However, in 1867, the mint at Madras was closed down and the other two remained functional. At the time of independence, when India was partitioned, there was another mint at Lahore under the British rule. After the partition, since Lahore formed part of Pakistan, the Lahore mint remained with them.

India Government Mint, Mumbai

The English ruled over the Indian territory by dividing it into three presidencies: Bombay, Calcutta and Madras. Each presidency issued its own coins in local Indian types. The East India Company established their first mint at Madras in 1640 and second at Bombay in 1671 and a third at Calcutta in 1759-60. During the years 1824 to 1829, they established two big mints at Bombay and Calcutta replacing the old ones.

The present Mumbai mint, earlier known as Bombay Mint, has been operative since A.D. 1830. It completed its 150 years of existence with a glorious past, in 1980. The mint was designed and constructed by the then Captain John Hawkins FRS of the Corps of the Bombay Engineers. The construction of the building commenced in 1824 and was completed in

Bombay Mint

1829. But, its first coin was struck only in October 1830. The machinery installed here was similar to that in the then London mint. The building was erected on an area reclaimed from the sea at Bollard Pier in the Bombay harbour.

Your grandmother would tell you that she used to have gold coins, popularly known as *ginni* (British Sovereign). These gold coins were considered pride possession for any person in old days. During the year 1918-19, a branch of the Royal Mint of London was opened at the Bombay mint with the object of coining the British Sovereigns in India. The large accumulations of gold acquired under the Gold Import Act were to be utilised for this purpose. The coinage began in August 1918, and 12,95,372 sovereigns were coined during the year. This branch of the Royal Mint was, however, closed in April 1919.

A gold refinery using the chlorine process was established in 1919 for refining raw gold imported from the South African and the Indian mines. The refining was first housed outside the main building of the mint, but was shifted to the present melting department in 1939-40.

East India Company's copper coin

Gold in India is a controlled commodity; therefore, it cannot be privately refined. There were many private gold refineries in the country prior to 1968. At present, the Mumbai mint is the only licenced gold refinery in the country. All the private gold refineries have been closed under the Gold Control Act of 1968.

On the other hand, nowadays silver is not a restricted metal in the country. In 1929, a silver refinery was also built, but it was closed down in 1956 due to the scarcity of raw silver. Silver can be refined in the country by private licenced refineries which are mostly in Delhi, Mumbai and Kolkata.

Besides striking domestic coinage, the Mumbai mint had also been undertaking minting orders from foreign governments. Between 1818-1947 it struck blanks (unimpressed flan) and coins for many countries including Britain, Australia, Egypt and Greece. But recently due to increasing domestic demands of coins, India had to place orders with certain foreign countries for blanks for domestic use. The mint at Mumbai is the principal mint of India to strike commemorative coins.

Proof coins are specially struck with great care. Of the four Indian mints, Mumbai specialises in these coins. The orders for proof coins and uncirculated coins (especially polished and high quality coins for numismatists) are executed by the Mumbai mint only.

In a vegetable market you must have seen the vendors using weighing weights such as one kilo, half kilo, quarter kilo, etc. Do you know that Mumbai mint is the only mint that manufactures and supplies these weights to the whole country? Similarly, the measuring rod that you see at cloth shops also comes from the Mumbai mint only.

There is an important medal section in the Mumbai mint which undertakes the production of medals for the Ministry of Defence, that means the medals which defence officers wear on their chest come from the Mumbai mint. In 1982, when the Asiad Games were held in India, the gold, silver and bronze medals were also struck in this mint besides, striking the commemorative coins for the event. The average daily production of the mint is 30 lakh pieces of coin. The Reserve Bank of India places an annual indent for minting coins with each mint. The Mumbai coins had a 'dot' below the date line, but now there is a 'rhombus' as the mint mark.

India Government Mint, Alipore, Kolkata

The Kolkata mint, earlier known as Calcutta mint, which is the second important mint of India, was originally built at Strand Road in 1829. Later, it was shifted to its present location at Alipore in 1952. In addition to the domestic coinage, the mint had undertaken coinage orders from Nepal,

Alipore Mint, Kolkata

Bhutan and the erstwhile state of Sikkim. There is a well established Medal Section that strikes medals for film awards, civilian, military gallantry awards instituted by the Government of India, like the Bharat Ratna, Param Vir Chakra, etc. The mint also strikes commemorative coins.

This mint was the first to have successfully processed nickel for coinage. The present daily average output of coins of this mint is approximately 30 lakh pieces. No mint mark is struck on the coins minted at the Kolkata mint, though during the pre-independence years the coins had the alphabetical letter 'C' below the date line as its mint mark. The Kolkata mint also has the gold assaying facility similar to the Bombay mint.

Hyderabad Mint

The present Hyderabad mint was founded by the erstwhile Nizam of Hyderabad in 1903 for minting coins for his Nizamdom. In April 1950, as a result of Federal Finance Integration it was taken over by the Government of India. Besides coins, the mint also manufactures badges, bank and treasury tokens, etc., for

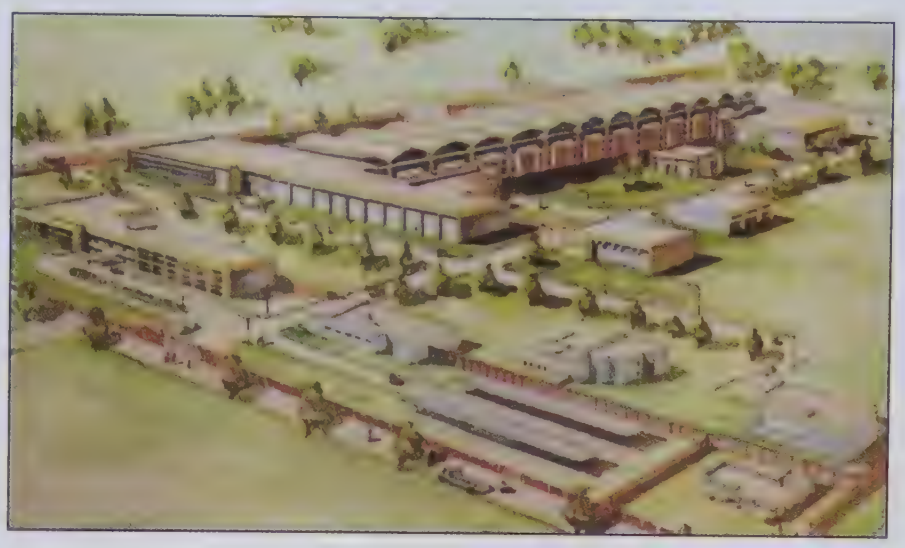
Hyderabad Mint

state government departments and other institutions. Its average daily production is about 13 lakh pieces besides minting coins' blanks. No commemorative coins are struck at this mint.

During the period 1835-1947, mints at Kolkata and Mumbai, simultaneously minted coins of similar designs. In the early period of Queen Victoria there was no mint-mark on coins. However, an asterisk is used as the mint-mark on the Hyderabad coins, below the date line.

Noida Mint

The new mint at Noida is the first mint to be established by the Government of India in the post-independence period. During the year 1984, the Government approved, in principle, the setting up of a new mint at Noida with a capacity of 2,000 million pieces of coins per annum to meet the gap between demand and supply. The project was sanctioned by the Government in January 1986 at an estimated cost of Rs 30 crores. The setting up of the Noida mint was a project of urgency to enable the Government to exercise its sovereign function of minting, and make coins available to the citizens in sufficient number. The Noida coins have a **dot** as their mint mark.



Noida Mint

Change to Stainless Steel Coins

The Coinage Policy Committee constituted by the Government of India, recommended the introduction of stainless steel coins. The Government after examining the Committee's recommendations took a decision to introduce stainless steel coins in the denominations of 10 *paise*, 25 *paise* and 50 *paise*. But now, only 50 *paise* coins are struck, since other coins are almost out of circulation.

When the production of ferritic stainless steel strips was fully indigenised by the Steel Authority of India, it resulted in reducing the cost of production of coins considerably when compared to cupronickel coins.

The Noida mint became the first in minting of stainless steel coins in the country. The mint mainly has a die section, coining, coin counting and a workshop. However, coin blanks are procured from the outside sources. The mint does not have any gold assaying facility either.

Latest technology and methods have been adopted in the Noida mint. These new Coining Presses mint at a speed of 600-650 coins per minute, whereas the earlier generation machines minted only 300-350 coins per minute. This mint presently strikes only one-rupee coins in steel though it was earlier minting lower denomination coins also.

Minting of Modern Coins

The story of coin minting is equally interesting. Prior to the invention of steam-powered coinage press, until early 1800s, most coins were either hand stamped with a hammer or an anvil or produced in screw type press.

By the end of the fifteenth century, advancement can be seen in coining in Europe and other parts of the world, like the introduction of machinery to produce coins. The printing press had been used since 1450s and its founder, Johann Gutenberg (the renowned printer) had worked in a mint. Probably there was some connection between coining and printing. The coining press was in many respects similar to the printing press, but many variations in design were devised. The advantage of coining press was

Old time coin press at work

that coins produced by it were quite regular in quality, even though the process was slightly slower in the beginning.

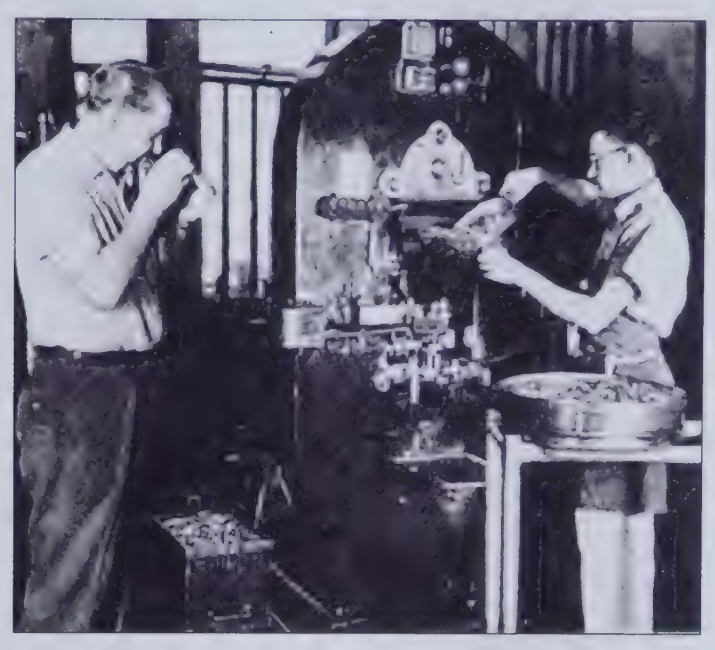
In the modern coinage operations, the metal alloy is first rolled into strips called fillets, of the precise thickness of the coins to be made; then blank coins (planchets) are punched out from these strips. These blanks are sorted out and the good ones are polished, washed and dried. Thereafter, these are ready to be minted.

While minting, the planchets are first run through a roller that places a raised edge or rim on blanks. They are then weighed, and those that are either under-weight or over-weight are placed in a ring or roller that holds the coins and at the same time 'reeds' the edge with ribs. Finally, the dies stamp the designs on both the 'head' (obverse) and 'tail' (reverse) sides of the coins. The tail side generally bears the value and the date line.

The finished coins are inspected and the defective ones are removed. The good ones are counted by weighing. Thereafter, these are bagged and consigned to the Reserve Bank of India for further distribution to other banks for issue to the public.

Having read about our mints and coins, we move over to paper currency.

Planchets or blank coins are being punched from metal strips



Designs are being stamped on both sides of planchets

Coins are not counted but weighed to ascertain their quantity and value

16

India's Paper Money

India's currency notes of different denominations

In your grammar book you must have read an old adage 'necessity is the mother of invention'. It is so aptly true in the case of paper money. In the 10th century, China faced scarcity of copper for making coins. The situation made China's wise money minds to work out a solution to overcome this problem. Finally, they came out with the introduction of paper money in lieu of copper coins. And thus, necessity caused the invention of paper money.

Around A.D. 960 paper money became common in China. Apart from non-availability of copper, some other factors also made the Chinese authorities to issue excessive paper money that resultantly led to inflation in China. After 500 years, in around A.D. 1455, as a result of hyperinflation, China had to abandon the issue of paper money. However, in due course of time, paper money was used in some parts of the world.

The story of paparus money in

Obverse and reverse of a five hundred rupee note

Obverse and reverse of a one thousand rupee note

India began in the late 18th century. Among the early issuers of paper money were the General Bank of Bengal and Bihar. They issued paper currency between the years 1773 and 1775 under a state sponsored institute and their currency notes enjoyed Government patronage. Though successful and profitable, the banks had to officially wind up, within the next two years of their establishment.

Meanwhile, the Bank of Hindostan was set up in 1770 by the House of Alexander and Company and successfully operated for over fifty years. But it finally went down when the Company was affected by the commercial crisis of 1832.

In 1806, a semi-government Presidency Bank, the Bank of Calcutta, which was the forerunner of Bank of Bengal, came into existence and enjoyed a strong relationship with the Government under a Charter. The Charter granted the Bank privilege of issuing notes for circulation within the Bengal circle. The Bengal notes were printed in three scripts viz., Urdu, Bengali and Nagri and had an allegorical female figure personifying 'commerce'.

The second Presidency Bank was established in 1840 in Bombay which had by then developed as a major commercial centre of India. The notes issued by the Bank of Bombay carried the vignettes of the Bombay Town Hall, the statues of Mount Stuart Elphinstone and John Malcolm.

The third Presidency Bank, The Bank of Madras was established in 1843.

Obverse and reverse of a hundred rupee note

It had the smallest issue of banknotes amongst the Presidency Banks. The Madras notes bore the vignette of Sir Thomas Munroe, the former Governor of Madras who served the State between 1817 and 1827.

The other private banks which issued banknotes were the Orient Bank Corporation, established in Bombay in 1842 as the Bank of Western India. Its notes featured the Bombay Town Hall in vignette. The Commercial Bank of India, also as an Exchange Bank, commissioned in 1845 in Bombay and issued beautiful notes with an interblend of Western and Eastern motifs.

Besides banknotes, there were *Hundies* which were referred to as financial instrument evolved on the Indian sub-continent and were used in

Obverse of a Pre-Independence one thousand rupee note

trade and credit transactions. Technically, a Hundi was an unconditional order in writing made by a person directing another to pay a certain sum of money to a person named in the order. Hundies have no legal status and as such are not covered under the Negotiable Instrument Act, 1881. However, Hundies do enjoy a part of informal system. Interestingly, the cheques came into use in 1875.

The Paper Currency Act of 1861 conferred upon Government of India the money of 'note' issues and ended the hitherto right of private and Presidency Banks to issue notes. Government of India issued currency notes till the Reserve Bank of India was established on 1 April 1935 to undertake the work of issuing currency notes with the exception of One rupee notes, which Government of India continued to issue under the signature of Finance Secretary. In August 1940, the one rupee note was reintroduced as a war time measure, and it was issued by the Government of India, with the status of a coin. But in 1994, the Government of India stopped issuing one rupee notes; therefore, these are no more printed and issued. Whatever notes are now in circulation are of old issues. Similarly, the two rupee and five rupee notes are also not being printed presently.

The paper currency in India owes much to James Wilson, the first Finance Member in the Executive Council of the Viceroy of India. With the early death of Sir James, the task of issuing Government's paper money in India devolved upon his successor Samuel Laing. However, the present motifs appearing on the Indian currency notes reflect the changing socio-cultural ethos and world-view of the times and of Gandhian values.

Now, Reserve Bank of India has decided to issue plastic currency starting with ten rupee note for reasons of longer durability.

17

Printing of Currency Notes in India

The printing of banknotes in India started in 1928 with the establishment of India Security Press at Nasik by the Government of India. Until the commissioning of Nasik Press, the Indian currency notes were got printed from Thomas De La Rue Giori of United Kingdom. The second printing press was established at Dewas, Madhya Pradesh in 1975. With the growth in population and economic activity, the demand for banknotes has been steadily increasing. To bridge the gap between demand and supply, the Government of India decided to establish two new printing presses.

Bhartiya Reserve Bank Note Mudran

The Bhartiya Reserve Bank Note Mudran Private Limited (BRBNMPL) was established by the Reserve Bank of India (RBI) as its wholly owned subsidiary on 3 February 1995 with a view to augmenting the production of banknotes in India to enable the RBI to bridge the gap between the supply and demand for banknotes in the country. The company manages two presses, one at Mysore (Karnataka) and the other at Salboni (West Bengal). The installed capacity for both the presses is 19.8 billion note pieces per year on a 3-shift basis.

The Logo of the Reserve Bank of India

Besides currency notes, a plethora of other security products such as passports, visa stickers, National

Saving Certificates, Indira Vikas Patras, postal orders, railway warrants, etc. are also printed at these presses.

Some Basics About Indian Currency

The Indian currency is called the 'Indian rupee' (INR) and the coins are called 'paise'. One rupee consists of 100 *paise*.

At present, banknotes in India are issued in the denomination of Rs 10, 20, 50, 100, 500 and 1,000. These notes are called 'banknotes' as they are issued by the Reserve Bank of India.

Management and Distribution of Currency

The Reserve Bank of India presently manages the currency operations through its 18 issue offices located at Ahmedabad, Bangalore, Belapur, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram and one sub-office at Lucknow, and a wide network of currency chests at Kochi and in other states. These offices receive fresh banknotes from the banknote printing presses. The issue offices of Reserve Bank of India send fresh banknote remittances to the designated branches of commercial banks.

A view of the Reserve Bank of India, New Delhi

The Reserve Bank offices located at Hyderabad, Kolkata, Mumbai and New Delhi (mint linked offices) initially receive the coins from the mints. These offices then send them to the other offices of the Reserve Bank. The banknotes and rupee coins are stocked at the currency chests and small coins at the small coin depots. The bank branches receive the banknotes and coins from the Currency Chests and Small Coin Depots respectively for further distribution to the public.

Banknotes and coins returned from circulation are deposited at the issue offices of the Reserve Bank. The Reserve Bank subjects these to processing, authenticates banknotes for their genuineness, segregates them into notes fit for re-issue and those which are not, for cancellation. The banknotes which are fit for re-issue are sent back in circulation and those which are unfit are destroyed by shredding, after completion of examination process. Similarly, coins received back from circulation are either re-issued or sent to the mints for melting.

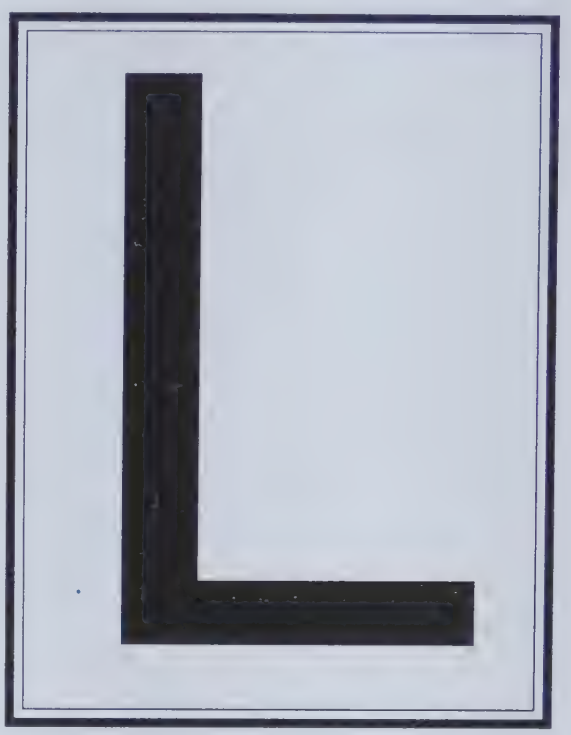
You have read about the discontinuation of small denomination coins and may like to know as to why are rupee one, rupees two and rupees five banknotes not being printed these days? Volume-wise, the share of such small denomination banknotes in the total banknotes in circulation was very high, but in terms of value they constituted a very small percentage. The average life of these banknotes was found to be less than a year. The cost of printing and servicing these banknotes was, thus, not commensurate with their life, and printing of these banknotes was, therefore, discontinued. These denominations were coinised. However, rupees five was re-introduced in 2001 to supplement the gap between demand and supply of coins in this denomination. But again the printing of rupees five banknotes has been discontinued from the year 2005.

Soiled and Mutilated Banknotes

Do you know what soiled banknotes are? They are banknotes which have become dirty and limp due to excessive use. Mutilated banknotes are those, which are torn, disfigured, burnt, washed, eaten by white ants, etc. A double numbered banknote cut into two pieces but on which both the numbers are intact is now being treated as soiled banknote. These notes can be tendered and exchanged at all branches of nationalised banks.

The Symbol for Indian Currency

In keeping with India's growing economic strength and might, the Government of India on 15 July 2010 has approved a symbol for Indian currency to give it a status and a distinct identity among the world's currencies. The approved symbol is unique and combines the Roman letter 'R' with the Devanagri letter 'Ra'. Its design as per D. Uday Kumar, the architect of the symbol is based on our Tricolour with two lines at the top and the white space in between.



The symbol for Indian currency

Nearly five centuries after Sultan Sher Shah Suri first issued the 'Rupaiya', India has a symbol to denote its currency. The symbol has catapult the hitherto humble Indian rupee into the exclusive and elite club of four currencies of the world—the US Dollar, British Pound, Euro and the Yen. It is a big statement about Indian currency that reflects its soaring strength and robustness. The symbol will make Indian rupee recognised at par with other internationally recognised currencies like the US Dollar, British Pound, etc.

Diesel to cost ₹ 2.50 more

This is how the standardised symbol for Indian Rupee is being used

The symbol will not be printed or embossed on our currency notes or coins, however, it will soon feature on computer key-boards and other related softwares. This will standardise the expression for Indian rupee in the world.

18

Automatic Teller Machines

Until four decades ago, if you wanted to withdraw money from your bank account you were to go to your bank, draw a cheque, stand in a long queue and deposit the cheque to draw your money. But thanks to Mr Don Wetzee of United States of America, who invented Automatic Teller Machine (ATM) that enables you to withdraw your money instantly.

ATM allows banking transaction from almost every other ATM machine in the world. Don Wetzee was co-patentee and chief conceptualiser of ATM. He conceived the idea of ATM while waiting in a line at Dallars Bank. However, there are some others also who claim the invention.

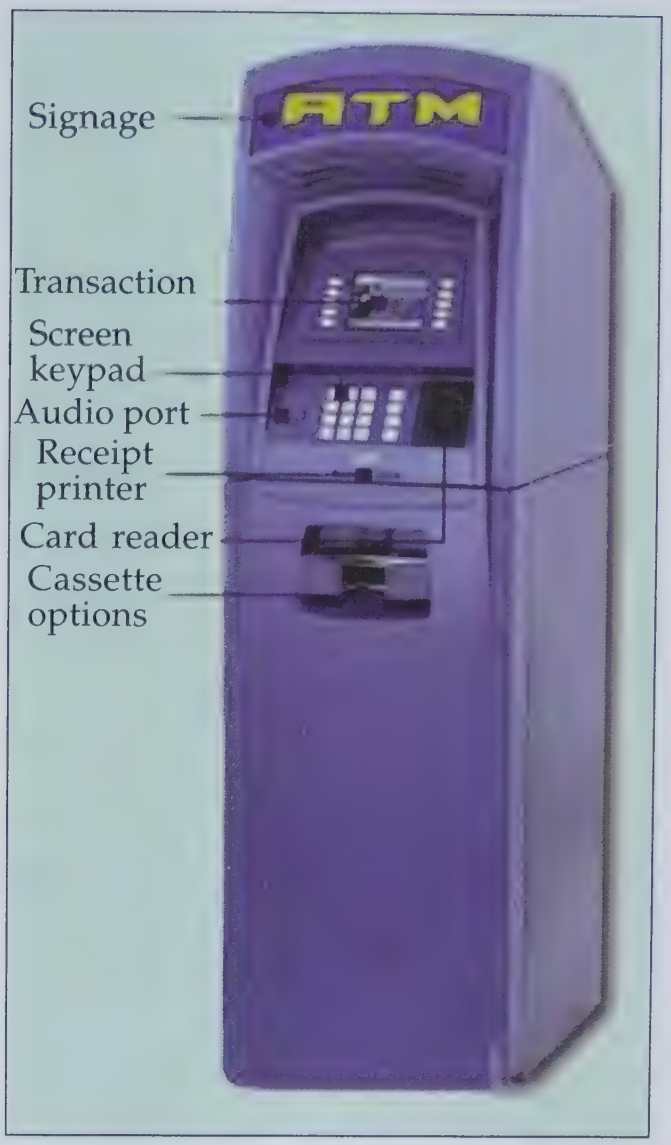
The other two co-inventors listed as the patent were Tom Barnes and

A lady withdrawing money from an ATM

George Chastian. The concept of the modern ATM first began in 1968, a working prototype came about in 1969 and Docutal, the company that developed automated baggage handling equipment, was issued a patent in 1973.

The first working ATM was installed at the Rockville Centre, New York Chemical Bank. However, there are different claims, to which bank had the first ATM.

At the beginning, ATM was off-line machines. It means that money was not automatically withdrawn from an account. The bank accounts were not connected by a computer network to the ATM. Therefore, banks were at first very exclusive about who should get ATM privileges. Only those customers who had good banking record could get ATM facility. Wetzee, Barnes, and Chastian developed the first real ATM cards with a magnetic strip and a personal ID number to withdraw cash.



ATM and its parts. It is also known as cash machine, bank machine and cashpoint (in Britain)

The invention of ATM cards has greatly revolutionised the banking industry by providing its clients access to financial transactions in a public space without the need for a bank teller.

Early ATM's security focused on making the ATM's invulnerable to physical attacks. Modern ATMs, however, besides physical security, concentrate against thefts by denying the use of the machine as also by means of techniques such as dye makers and smoke canisters. In addition, filling of cash is kept secret and the currency is often kept in cassettes which will dye the money, if incorrectly or forcefully opened. Now, it has been decided that certain Indian Banks will soon have designer ATMs.

19

Credit Cards and Electronic Money

You may like to know as to how the word 'credit' came into being. It comes from a Latin word which means 'trust'.

A credit card is an automatic way of offering credit to a consumer. And credit is a method of selling goods or services without the buyer having cash in hand. Today, every credit card carries an identifying number.

A debit card

Credit was first used in Assyria, Babylon and Egypt some 3000 years ago. Interestingly, the first advertisement for credit was advertised in 1730 by Christopher Thornton, who offered furniture, the price of which could be paid off weekly. In the 1920, a Shopper's Plate—'buy now, pay later' system was introduced in the United States of America.

In 1950, Diners Club and American Express launched their change cards, the first 'plastic-money'. In the United States of America, in 1951, Diners Club issued the first credit card to its 200 customers who could use it at 27 different restaurants in New York. But, it was only in 1970 when magnetic strip was used and from then onwards credit cards became a part of our electronic age. However, the first use of magnetic strip on cards was in the early 1960, when the London Transit Authority installed a magnetic strip system. Similarly, San Francisco Bay Area Rapid Transit

installed a paper based ticket of the same size as the credit cards, in the late 1960.

Invention of Credit Cards

According to Encyclopaedia Britannica, the use of credit cards originated in the US during the 1920s, when individual firms such as oil companies selling petrol and hotel chains started using them.

Credit card was not always made of plastic. There have been credit tokens made from metal coins, metal plates and celluloid, fibre, paper and now, plastic cards. However, now most of the credit cards are of the same shape and size as specified by the ISO 7810 standard.

The First Bank Credit Card

The inventor of the first bank issued credit card was, John Biggins of the Flatbush National Bank of Brooklyn, New York. In 1946, Biggins invented the 'Change-It' programme between bank customers and local merchants. Merchants could deposit sales slips into the bank and the bank later billed the customer who used the card.

Credit cards were first promoted to travelling salesmen in that era for use on the road. By the early 1960 more companies offered credit cards, advertising them as a time-saving device rather than a form of credit. American Express and Master Card both became huge success overnight. These cards have a separate categorisation such as Silver and Gold cards. Besides Silver and Gold, the latest on the list are the Platinum cards. This categorisation is intended to show the limit of credit admitted to each category of these cards. Today, you can pay your electricity bill; buy a railway

ticket, reserve a room in a hotel and do shopping with the help of your credit/debit card.

A credit card

Difference Between Credit Card and Debit Card

A credit card is different from a debit card. The use of credit card does not remove money from the user's account after every transaction which is opposite in the case of debit card. The issuer of the credit card lends money to the customer or the user of the card for each transaction whereas while using debit card the user buys or removes his own money available in his bank account.

The first question that comes to mind is 'how does it work?' A user is issued credit card after an account has been approved by the credit providing bank. When a purchase is made, the credit card user agrees to pay the card issuer. The card holder indicates his consent to pay by signing a receipt with a record of the card.

Electronic verification systems allow shopkeepers to verify that the card is valid and that the customer has sufficient credit to cover the purchase. Data from the card is obtained using a magnetic strip or chip on the card, the system is commonly known as 'Clip and Pin'.

Each month, the credit card user is sent a statement indicating the purchases undertaken with the card, any outstanding fees and the total amount owed by him. He must pay the defined minimum proportion of the bill by a due date. Credit card issuers usually waive interest changes if the balance is paid in full each month. In case of late payment the bank will charge full interest on the entire outstanding balance. However, a credit card grace period is the time; the customer has to pay the balance before interest is charged on the outstanding balance.

Because of intense competition in the credit card industry, the issuer often provides incentives after purchase such as frequent flier points, gift certificates or cash bank, etc. to attract customers.

In this fast moving and changing world, e-money, commonly known as credit cards has come to stay. Now you need not carry any big or hefty

wallet. Just carry a plastic card of the size of your visiting card that will enable you to buy anything or everything as long as you have the credit limit to support your shopping spree.

Fraud in Credit Cards

When credit cards are stolen or a duplicate is made by some unscrupulous persons, frauds are committed, which then result in financial loss to the original owner of the card. Some tips to prevent credit card frauds are:

- Always provide your full name while applying for a credit card. This will prevent confusion that can otherwise lead to fraud.
- Guard your private information. Do not give your card number or date of expiry to anyone who claims to conduct a survey. Also, never put your card number on the outside of an envelope.
- Be careful about your PIN number. Always choose a PIN number that is not related to any important date in your life, like your date of birth or bank account number.
- Be alert at the ATM counter. Do not allow anyone who is in queue at ATM counters to see your PIN code.

Future of Money

From cowries to credit cards, the journey of money has come a long way. However, changes have not ceased to take place. Few years back, the Euro was introduced to many nations in Europe which now are used by all, except United Kingdom, Denmark and Sweden where bi-currency still prevails.

West Africa is proposing to introduce the 'ECO', a new currency for five to six nations shortly.

In Middle East, many nations use *dinar*. An Islamic gold dinar is also proposed for the future. In Mexico, a movement is underway to bring back silver as money.

Today, gold and paper money can be traded electronically via online systems. Whatever be the form of money today, its future will continue to be as important in human life as before.

20

Art of Collecting Coins

Coin collection is an interesting and a fascinating hobby. Children throughout the world love it. Young collectors often start their collection without any definite direction. They just collect whatever coins come their way. In this way, gradually one day you will have hundreds of coins. But, that alone cannot make you a coin collector. To be a real coin collector you must transform your hobby into an art. What is required is just a conscious effort in collecting your items. You, therefore, must go about your hobby intelligently as suggested in the succeeding pages.

Gupta period gold coin—
Ashwamedha type

At first, you should choose a theme for your collection, like some object or a particular country, or a certain period of history that interests you. This would give a definite direction to your collection and will help you collect coins that you really want.

Next, you should store the selected coins separately in small plastic containers, preferably padded with flannel. Finally, label the container indicating the subject of its contents.

Some suggested themes for collection are 'countries and regions', 'kings and queens', 'trees and plants', 'birds and beasts', 'ships', 'eminent leaders' and 'commemorative coins'.

But besides collection, you have to keep in mind the cleanliness of coins. Whenever you have time for your hobby you may clean your collection.

A silver coin of Delhi Sultanate

The coins you possess may be dirty, dusty, tarnished, black or even corroded. Such coins are often unpleasant to look at. But, cleaning and conditioning of coins is an occupation by itself which requires patience and practice. If you do it without knowing the proper technique there is a chance of damaging your collection.

Depending on the condition of coins they are to be cleaned and treated. Some of them may be brightened simply by rinsing in soap water and then by gently polishing them. There may be some which have to be treated with a mild acid before polishing. After polishing you may give a coating of diluted clear lacquer. This would protect your coins from tarnishing and keep them shining for long. Some collectors may not approve of this method of conditioning coins but for the simple reason that one's collection should be aesthetically owned and decoratively displayed. A hobby must give pleasure not only to the person who indulges in it but also to others.

A collection out of its pouch

A coin collector preserves his coins

Most of the beginners will have copper, bronze, nickel, cupronickel coins only, because to own and collect gold and silver coins is very expensive and often beyond the reach of most of the beginners. However, if you are lucky and have some of them, you may give them a shine with any standard washing powder or soap water.

Pure silver coins can be cleaned by washing them with some ammonia applied with a pad of cotton wool. Gold coins can be further cleaned by wiping them over with fresh lemon juice. Gold coins once cleaned retain their lustre for long, whereas silver ones will soon have a certain amount of tone—the slight darkening of the surface. To keep them shining for long you may lacquer them.

While cleaning your collection you must observe certain 'do's and don'ts'. First, treat your coins like new-born babies and handle them with care. Never treat a coin in a hurry. Use cotton wool, soft towels for cleaning and drying. Never drop a coin on the floor or uneven surfaces because rough treatment will only wear out the coin and reduce its condition and its value.

Having learnt to care for your coins let us now know how to value a coin. As a thumb rule you may please note that the poorer the condition of a coin the less its value. Therefore, while buying or selling remember this rule. However, if a coin is rare and you can't get a better specimen, then the value will be determined by the rarity of the coin regardless of its condition.

In the art of coin collection next comes as to how to describe a coin's rarity.

Degree of Rarity	Abbreviation Used
• Highest degree of rarity	RRRR
• Extremely rare	RRR
• Very rare	RR
• Scarce	R

The above table refers mostly to ancient and other coins that are no more minted or are not in circulation. The table given below helps you to understand some other abbreviations used by the coin collectors.

Degree of Rarity	Abbreviation Used
• When only one or two specimens exist	R7
• When three or four specimens exist	R6
• When five to ten examples are known	R5
• When eleven to twenty examples are known	R4
• Extremely rare	R3
• Very rare	R2
• Rare	R
• Commonly available	C
• Very common	C2
• Extremely common	C3

In describing a coin, besides giving its rarity you must mention its condition. The condition of coins are described as 'proof', 'uncirculated', 'very fine', 'fine' or 'very good'. 'Proof' coins are initially struck by the mint for record and for the benefit of collectors. These coins have a mirror like surface. They are produced using the highest quality mintage equipment. 'Uncirculated' coins are absolutely unused and seem exactly as they came from the mint. 'Very fine' means slightly circulated but almost in mint condition. 'Fine' means slightly worn on the edges but with clear date and figure. 'Very good' means legible.

The abbreviations used to describe the condition of a coin and their rarities are as follows:

Coin Condition	Rarity Abbreviation Used
• Finest	FDC (Flem-do-coin)
• Uncirculated	UNC
• Extremely Fine	EF
• Very Fine	VF
• Fine	F

'P' is used for a coin which is very much worn in full whereas for a well worn coin we use no abbreviation. Instead, 'Fair' is written.

In the process of sorting out your coins you must have had some duplicate coins also. Place them separately. These coins can be exchanged with those who may have duplicates of such coins that you don't have in your collection. This exchange of duplicates will soon enrich your collection without any further investment.

After exchanging your duplicates, if you are still left with some more duplicates, you can make some beautiful wall decorative pieces with them. Take a 12" x 8" hard board; superimpose a dark and bright colour velvet paper or cloth on it. Paste the leftover duplicate coins with araldite, in any design that may please you. You may now get it properly framed and proudly displayed in your drawing or study room.

You can also make a centre table or peg tables with coins exhibited on its surface and a glass fitted on top. These tables besides affording affluence and elegance to your sitting room would give a proud display of your hobby too.

But, merely collecting coins, sorting and exhibiting them is not enough. You must know your items well. Hence, read as much about them as possible. Gather stories and incidents connected with each coin. You can also supplement your knowledge by visiting various museums in the country whenever you get a chance and take a close look at the coins displayed at the coins corner.

Glossary

Over the years numismatists have embellished their hobby with a special jargon of terms, names, and expressions. Some of them are enumerated below. It will be noticed that most terms used by the coin collectors are often used in our day-to-day life but they have a different and a special meaning in the numismatic language.

Alloy—A combination of two or more metals.

Altered Date—A false date on a coin or a date altered to make a coin appear rarer or of more valuable issue.

Bilingual—Referring to the inscription on a coin in two languages.

Bit—Cut piece from a Spanish Milled Dollar or Piece of Eight. A bit from the dollar was worth 12½ cents. Therefore, the slang expression 'two bits' refers to a quarter dollar.

Billon—A silver alloy with a high copper content.

Blank—A piece of metal upon which the coin is struck.

Bronze—An alloy of copper, zinc and tin.

Bullion—Metal in bar form for production of coins.

Cash—A copper coin of China with a square hole for stringing.

Cast Coins—Coins which are not made in the usual manner of striking with dies, but by pouring molten metal into a mould.

Cent—One hundredth of the standard monetary unit. Also called Centavo in Mexico and some Central and South American countries. A Centesimo in Italy, Centime in France and Switzerland, Centimo in Spain and Venezuela, etc.

Chop-mark—An identification mark punched into coins by Chinese merchants and goldsmiths.

Condition—The state of wear apparent on a coin.

Counterfeit—A spurious imitation of coin. Many counterfeits can be interesting numismatically, but others have been made to deceive collectors.

Countermark—A design or symbol punched on to a coin to change its purpose or value.

Denarius—The standard Roman silver coin.

Denomination—The value of a coin in the currency of the country.

Designer—Are of two types: Artist and Engraver. The artist creates design on coins. The engraver is the person who cuts a design into a coinage die.

Die—A piece of metal engraved with a design for use in stamping.

Die Defect—An imperfection in a coin caused by a defective die.

Die Variety—Any minor-alteration in the basic design of a coin.

Disme—One-tenth of a dollar. The early spelling of the word 'dime'.

Double Eagle—A US $20.00 gold coin.

Drachma—The standard Greek monetary unit. A small silver coin approximately equal to the Roman denarius.

Eagle—A US $10.00 gold coin.

Electrotype—A counterfeit coin made by the electroplating process.

Electrum—A natural mixture of gold and silver.

Fillet Head—The head of Statue of Liberty on US coins with hair tied with a band, generally on the forehead.

Fineness—The purity of gold or silver, always expressed in terms of one thousand parts.

Flan—A blank piece of metal in the size and shape of a coin; also called a planchet.

Field—The blank spaces on a coin surrounding a design.

Hammered—A coin struck by hammering between two dies.

Inscription—Or legend or lettering on a coin.

Laureate—Head crowned with laurel leaf.

Milled Edge—A raised rim around the outer surface of a coin. Not to be confused with the reeded or serrated narrow edge of the coin.

Mint Error—A mis-struck or defective coin produced by a mint.

Mint Mark—A symbol, usually a small letter, used to indicate at which mint a coin was struck. Sometimes it also indicates the date of minting.

Moneyer—An authorised mint master or coiner.

Motto—A word or phrase used on a coin.
Mint— The place where coins are struck.
Mule—A coin in which the obverse and reverse dies have been incorrectly matched.
Obverse—The 'head' side of a coin. This usually bears the head of the ruler or some other design with the words that identify the place of origin of the coin.
Pattern—An experimental or trial coin, generally of a new design, denomination or metal.
Piece of Eight—Spanish-American silver dollar size coin used extensively in trade throughout the world during the 17th and 18th Centuries. The forerunner of the American silver dollar.
Planchet—The blank piece of metal on which a coin design is stamped.
Proof—The issue of a coin in normal circulation, but struck from specially prepared dies. Usually minted in very limited numbers.
Quarter Eagle—A US two-and-a half dollar gold coin.
Reeded Edge—The edge of a coin with groove lines that run vertically around its perimeter. The edge found on all the current US Silver Coins. Indian 50 and 25 *paise* coins have reeded edge.
Relief—Any part of a coin's design that is raised above the coin's surface is said to be in relief. The opposite of relief is incuse.
Reverse—The side of a coin carrying the design of lesser importance. Opposite of the obverse side. Also called tail.
Restrike—An official issue of a coin struck from dies that have been used at an earlier date, or from copies of the original dies.
Series—One coin of each year issued from each mint of a specific design and denomination, e.g. Lincoln cents from 1909-1958. In India we do not have such series.
Type—Coins of the same denomination with similar designs.
Unique—A coin of which only one specimen is known to exist.
Variety—A minor variation in design between coins of the same type.

Printed at : Rakmo Press Pvt. Ltd,, New Delhi

nbt.india
एकः सूते सकलम्

NATIONAL BOOK TRUST, INDIA

₹ 135.00
ISBN 812375948-7
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19200293